THE FREEMAN

IDEAS ON LIBERTY

Throwing Money at Social Problems

The Rebirth of Mexico

George Mason and the Bills of Rights

A Most Sensible Man

MAY 1992

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THE FREEMAN

IDEAS ON LIBERTY

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IDEAS ON LIBERTY

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PERSPECTIVE

What Free Enterprise Means

I believe the universe demands that each person become a responsible individual by making decisions about the course of his life—big decisions, little decisions, all decisions. To make decisions, one must be free to choose, and it is through this decision-making process that character is developed. Character, in the final analysis, may be all we shall be able to take with us, and its development should be our prime goal in life.

Those who framed our Constitution were well aware of the need to be free in matters of conscience and, therefore, the need to protect individuals from the fetters of authority in areas where authority should play no part. With such principles as guidelines, they weaved a fabric of freedom that became our Constitution and Bill of Rights.

To produce and exchange, to save, to invest, to create, to innovate, to profit—these are a few parts of the whole fabric. Those having to do with productive matters we call "free enterprise" because, through them, enterprise is free. And so we find that free enterprise is not big business, it is not small business, it is not a system; it is the framework within which people produce and exchange; it is the atmosphere in which society carries out its productive efforts.

In creating the most nearly free society in history, the goal of those remarkable, far-sighted men was not material prosperity but that man should be free to fulfill himself, to realize his full potential. Nonetheless, the Founders' extension of freedom gave rise to a general living standard that remains the envy of the world.

Socialism is the order of the day in many other nations, and in virtually every case such economies are a shambles. It is no accident. Only the free market, which is a compendium of the freewill decisions of buyers and sellers, brings material prosperity.

In America, enterprise is not truly free—simply more so than in most other countries. It has been shot through with the nostrums of those who believe they know more about what people should do than the people know themselves. Their "cures" threaten to destroy the fabric of freedom, always tenuous at best. Changes may be needed, but never those that reduce freedom.

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Entrepreneurs' decisions on when to take risks, producers' decisions on what to make, consumers' decisions on what to buy and when to save, all add up to an unpredictable mix that produces a predictable result—prosperity—when freedom is the main ingredient. Because decision-making is so frequent and so vital in the earning of our livelihoods, free enterprise takes on added importance as a key to growth—both spiritual and material.

—E. W. DYKES
Canton, Ohio

Teens and Sex

We are morally bankrupt, indeed, if we cannot stand in front of our children and say that birth control is when girls keep their pants on and when boys keep their zippers closed. No government can give motivation or a sense of self-worth to a child. It's up to parents and church leaders to say, "Son, your problem isn't society, your problem is you." It's our obligation at all times to impress a moral standard on our young, in spite of what's popular.

—REV. BUSTER SOARIES, quoted in the summer 1991 issue of *Issues & Views*

The Political Process

As we enter another political season, and Americans stand ready to expend millions of dollars and untold man-hours in support of their favorite candidates, we might do well to reflect on Leonard E. Read's advice on how best to effect political change:

"Legislatures, laws, courts, constabularies, bureaucracies can do little more than exert a mild influence along lines consistent with the current consensus. The consensus moves this way or that in accord with its content; it rises when filled with truths and virtues and sinks when bogged down with nonsense. So, what I can do about the government depends upon the quality of the ideas I feed into the consensus. This defines both my limitation and my potentiality."

Meditations on Freedom, p. 23

The Fundamentals

Education is important, but it isn't everything the world needs so desperately today. We must have insight. And courage. And stamina. And perseverance. None of which you get from books.

—VERN HANSEN
Los Gatos, California

Spreading the Word

The *Freeman* op-ed program is beginning its sixth year. Results have been heartening: More than 1,800 *Freeman* columns have been published in over 260 different newspapers in the United States and Latin America. *Freeman* newspaper columns reach more than a million readers a month.

In recent months, material from *The Freeman* has appeared in the *New York Times*, *Wall Street Journal*, *Chicago Tribune*, *Detroit News*, *Cleveland Plain Dealer*, *St. Louis Post-Dispatch*, *Houston Post*, *Orange County Register*, *Arizona Republic*, *Allentown (Pa.) Morning Call*, *Las Vegas Review-Journal*, *Peoria Journal Star*, *Mobile Press Register*, *Colorado Springs Gazette*, *Camden (N.J.) Courier-Post*, and many other newspapers across the United States. Internationally, *Freeman* articles appeared in Argentina, Australia, Barbados, Bolivia, Bulgaria, the Dominican Republic, El Salvador, Great Britain, Guatemala, Mexico, New Zealand, Panama, Paraguay, Peru, Poland, and South Africa.

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THE FREEMAN
IDEAS ON LIBERTY

Warren Brookes, 1929-1991

by Tim W. Ferguson

It was a late evening in 1981 when I met Warren Brookes over the transom. I was sorting through prospective op-ed material at California's *Orange County Register* when I came across this guy who used real, meaty numbers to build his argument—Census and IRS and Labor Department calculations I hadn't seen in all the papers and magazines I scanned.

Warren won my editorial heart and soon a regular place in the *Register*'s lineup. It helped that he seemed willing to take calls at all hours from some nobody in California who, much as he too loved data, never saw a table he didn't have a question about.

In those days Warren was usually available because, I learned, he was something of a recluse. A personal preference going back to some unhappy days in Boston, word had it. Only after Tom Bray, editorial chief of *The Detroit News*, made Warren his man in Washington a few years later did he begin making the rounds of the political cocktail circuit.

Still, when he died at age 62 trying to outwork pneumonia on the last weekend of 1991, Warren remained mainly a presence on the pages of newspapers in secondary markets and conservative journals. Although politicians were confronted with his arguments thanks to an outlet in *The Washington Times,* he remained virtually unknown to the Pooh-Bahs of the big-city press.

Television? Except for a moment of glory on a *60 Minutes* segment following up on his work, forget it. I remember calling Ray Brady, economics correspondent of CBS News, months after a media watchdog had chided him for being ignorant of Warren's writings and statistics. Mr. Brady maintained he'd still never heard of Warren Brookes.

Warren got harder to ignore over the last few years, however, as his powerful drive and independence led him away from the macro-economy and into the area of environmental science. Many of us market-oriented commentators tend to shy away from that subject because the topics often seem so technical that precious weeks of study would be needed before one could write with confidence about them. A Harvard grad with an average guy's instincts, Warren showed no such trepidation. He wrote pathbreaking articles challenging conventions of the environmental media about pollution, food safety, you name it.

He had a strong notion that the various scares were a left-wing fraud, just as years before he had kept writing—to only belated notice—that Michael Dukakis's "miracle" in Massachusetts was bogus. Warren was proven right on that latter story and I suspect that, even conceding the genuineness of some environmental perils, he will emerge correct in his more recent cause.

He raised some conservative eyebrows toward

Mr. Ferguson writes the Business World column for The Wall Street Journal.

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The Need for Moral Standards

At its roots, economics is a metaphysical rather than a mathematical science, in which intangible spiritual values and attitudes are at least as important as physical assets and morale more fundamental than the money supply. Products, after all, are the assembly of qualities, and their value derives directly from the innate character and ideals of those who create them and the workmanship of those who produce them. Things are, in their final analysis, the expression of thoughts. Quality products derive from quality thoughts, shoddy products from shoddy thoughts.

Plainly, then, a national economy, like an individual business or a specific product, is the sum of the spiritual and mental qualities of its people, and its output of value will be only as strong as the values of society. There are many examples of barbaric societies which practiced the "free market" of the jungle and finally perished in the poverty of hedonism. Without the civilizing force of universal moral standards, particularly honesty, trust, self-respect, integrity, and loyalty, the marketplace quickly degenerates. A society that has no values will not produce much value; a nation whose values are declining should not be surprised at a declining economy.

—WARREN BROOKES
The Economy in Mind

the end when he aligned himself with Representative John Dingell in attacking "political science" by tax-paid investigators. Maybe he didn't always consider the whole chessboard of power. But, at the very least, in his overall efforts he succeeded in engaging the regulatory bureaucracy in popular argument where it had hardly before been so tested.

In recent years, Warren was not only writing, but speaking, and proved popular with business audiences. His stuff was somewhat of a *samizdat* on the right. Among free-market conservatives, you would hear increasing references to his findings, even while the prestige media would carry nary a reference. I was surprised he got even a three-inch obituary in *The New York Times.*

His columns weren't often stylistic gems. Interviews seemed to require "so-and-so told us" references, and he used exclamation marks where punchy rhetoric would have sufficed. Only in his spiritual column each Christmas season did he let his humanity show. But by sheer dint of information, his stuff was one-of-a-kind. With a bit of Warren's tenacity, a number of us might try to shoulder his load. If only we had his grasp of the numbers. □

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George Mason and the Bills of Rights

by Gary Williams

The Bill of Rights received a lot of attention during its recent 200th anniversary, but little recognition was given to George Mason, who was the driving force behind the document. Mason (1725-1792) was the author of the 1776 Virginia Declaration of Rights, which the Marquis de Condorcet called "the first Bill of Rights to merit the name." Mason fought against ratification of the United States Constitution because it contained no bill of rights. As a leader of the Anti-Federalists, his objections led to the first 10 amendments, which were ratified in 1791.

Mason is relatively unknown among the Founders, but his intellect was renowned as one of the finest in the Colonies. In fact, Thomas Jefferson called Mason "the wisest man of his generation." Fellow Virginian Edmund Randolph added: "He was behind none of the sons of Virginia in knowledge of her history and interest. At a glance, he saw to the bottom of every proposition which affected her." James Madison praised Mason as "a powerful reasoner, a profound statesman, and a devoted republican."

That this plantation owner and neighbor of George Washington was not well-known outside his native Virginia was due to his reluctance to become involved in politics. Mason had a distaste for committee work and a contempt for what he called the "babblers" who predominated in politics. In his will he advised his heirs to prefer "the happiness and independence [of] a private station to the troubles and vexations of public business" unless "the necessity of the times should engage them in public affairs."

Mason turned down appointments to the Continental Congress and the U.S. Senate, but the needs of his turbulent times did cause him to leave home on two significant occasions. From 1775 to 1780, he served reluctantly in the Virginia House of Delegates, where he took a leading role in every aspect of formulating a new state government and almost single-handedly wrote the state constitution and the Declaration of Rights. The second occasion was in 1787, when Mason was persuaded to leave his native state to attend the Constitutional Convention in Philadelphia. Here he was one of the five most frequent speakers, arguing passionately for individual freedoms and against centralized governmental authority. His prescient objections ring no less true today, and his refusal to sign the final document helped bring attention to the need for a bill of rights.

George Mason was born in 1725 on a plantation on the Potomac in Fairfax County, Virginia. He was the fourth in a line of George Masons who had established considerable landholdings in the Virginia colony. When George was 10, his father drowned in a Potomac sailing accident, and his barrister uncle, John Mercer, took over as Mason's tutor. Mercer had one of the most extensive libraries in the Colonies, and Mason immersed himself in its collected wisdom. He had virtually no formal schooling and essentially educated himself from his uncle's library.

Upon attaining his majority, Mason took over the administration of his self-sufficient plantation. He actively supervised every detail, as well as the

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design of Gunston Hall, the home he built. Mason even spelled out how the mortar was to be mixed to best keep out "those pernicious little vermin, the cockroaches."

Mason married Ann Eilbeck in 1750, and their union produced nine children. The squire of Gunston Hall took his place in plantation society and was well liked by all, despite a tendency toward hypochondria and a sometimes irascible personality.

Public Life

What first drew Mason into public life was involvement as an officer in the Ohio Company, a group of local land speculators that included his friend and neighbor, George Washington. At the time, British royal policy prohibited settlement west of the Appalachians, and the Ohio Company lobbied to open the West for settlement. When war broke out on the frontier, Mason acted as supply agent for troops commanded by Washington. This service in the French and Indian War earned Mason the rank of colonel in the Virginia Militia, although he never served in the field.

It was oppressive British tax policies that got Mason involved in the political arena. New and steeper taxes imposed by the ministers of George III led to Mason's writing in 1766 an open letter "To the Committee of Merchants in London" that was published in the *London Public Ledger*. Later, when taxation grew even harsher, Mason became involved in the inter-colonial Committees of Correspondence and the drafting of non-importation resolves that were boycotts of British products.

In the midst of this burgeoning conflict, Mason's wife died in 1773 after a lingering illness. Her death at age 39 left Mason with nine children to raise as well as a plantation to run, yet he continued his anti-taxation efforts. In July 1774, Mason and Patrick Henry spent the night at Mount Vernon, where Mason wrote the Fairfax Resolves, a statement of the colonists' position. The next day, Washington left to carry the document to the Virginia House of Burgesses and the Continental Congress.

When Washington was named Commander-in-Chief of the Continental Army in 1775, Mason was prevailed upon to take his friend's seat in the Virginia Legislature. What he first saw of what he called the "parties and factions which prevailed" did little to allay his suspicions of government service. He wrote Washington that "I was never in so disagreeable a situation, and almost despaired of a cause which I saw so ill conducted. Mere vexation and disgust threw me into such an ill state of health that before the convention rose, I was sometimes near fainting in the House." However, he did concede that "after some weeks, the babblers were pretty well silenced [and] a few weighty members began to take the lead."

Mason continued to serve reluctantly in the Assembly, although he regularly arrived late for sessions, on one occasion giving as an excuse a bad reaction to a smallpox inoculation. However, once he arrived, no other legislator was as prolific, respected, or thorough.

At the time of the Revolution, Virginia was basically instituting a new government, as were all the Colonies, and Mason had a hand in every major facet. During one session, John Augustine Washington, brother of George, wrote to Richard Henry Lee, "I have not yet heard particularly what our Assembly are about; but it is said it will be a short session, unless Colonel Mason who is not yet got down, should carve out more business for them than they have yet thought of." Mason's fiscal acumen also was widely respected. George Washington wrote: "It is much to be wished that a remedy could be applied to the depreciation of our currency. I know of no person better qualified to do this than Colonel Mason and shall be very happy to hear that he has taken it in hand."

The Virginia Bill of Rights

But the most significant contribution Mason made to the fledgling state government was writing a constitution and bill of rights during a six-week period in May and June of 1776. Mason's readings in history had convinced him that "there never was a government over a very extensive country without destroying the liberties of the people," and he sought to remedy that with a declaration of rights. A committee was assigned to do the writing, but except for Madison's insertion of stronger wording on freedom of religion, the words are entirely Mason's. Some of Mason's phrases appear in the U.S. Bill of Rights that passed 15 years later. The idea as well as the wording caught on, and by the end of 1776 five colonies had adopted declarations of rights, and

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by 1783 every state had some form of a bill of rights.

Mason's hand was clearly the guiding force behind this process. Edmund Pendleton, president of the Virginia Assembly, wrote to Jefferson, who was in Philadelphia working on the Declaration of Independence, that "the political cooks are busy in preparing the dish, and as Colonel Mason seems to have the ascendancy in the great work, I have sanguine hopes it will be framed so as to answer its end."

Edmund Randolph said that of all the plans being discussed, "those proposed by George Mason swallowed up all the rest." Nearly 50 years later, Jefferson added, "the fact is unquestionable that the Bill of Rights and the Constitution of Virginia were drawn originally by George Mason."

The Declaration of Rights was approved by the Assembly on June 12, 1776, and 17 days later Mason had a final draft of the state constitution approved by that body. Although he remained in the legislature four more years and influenced nearly all major bills, Mason never made a more important contribution than authoring the first American document that limited the authority of governments and strengthened the rights of individuals.

By 1780, Mason felt the new government was on firm foundation and he could safely leave office. In that year, he remarried and retired to Gunston Hall, letting it be known that he would consider any effort to draft him back into the legislature as "an oppressive and unjust invasion of my personal liberty."

But Mason was too respected, important, and opinionated to stay retired. At first, he spoke out from Gunston Hall on certain issues. In particular, he felt that American debts to British merchants should be honored, as the Revolution had not been fought merely to elude creditors.

Since Gunston Hall was located on the road from Richmond to Philadelphia, leaders on the way from one capital to another began to stop and seek Mason's counsel. In 1783, when debate was going on over revising the Articles of Confederation, the wisest minds sought to involve Mason again. Jefferson wrote to Madison asking if he had stopped by Gunston Hall on his way home from the Continental Congress: "You have seen G. M., I hope, and had much conversation with him. What are his sentiments on the amendment of our constitution? What amendments would he approve? Is he determined to sleep on, or will he rouse and be active?"

Madison replied, "I took Colonel Mason in my way and had an evening's conversation with him . . . on the article of convention for revising our form of government, he was sound and ripe and I think would not decline participation in such a work." Shortly afterward, Mason was part of a panel that negotiated a Potomac navigation agreement between Virginia and Maryland, which served as a sign that cooperation between states could be achieved and that Mason was ready to come out of retirement.

Drafting the Constitution

When the Constitutional Convention of 1787 was called, Mason agreed to go to Philadelphia as one of Virginia's delegates. He arrived on May 17, typically the last of his delegation to arrive, and lost no time in complaining. He had been in town less than two weeks when he wrote to his son that he had begun "to grow heartily tired of the etiquette and nonsense so fashionable in this city."

Yet for once Mason was impressed by his peers, writing that "America has certainly, upon this occasion, drawn forth her first characters." He was also impressed by the seriousness of the business at hand, noting that "the eyes of the United States are turned upon this assembly, . . . may God grant that we may be able to gratify them, by establishing a wise and just government."

Throughout the convention, Mason consistently spoke out in favor of the rights of individuals and the states as opposed to the federal government. He spoke out strongly against a 10-mile-square Federal district that ironically came to be located just a few miles from his home. Concerning the proposed District of Columbia, Mason said: "This ten miles square may set at defiance the laws of the surrounding states and may . . . become the sanctuary of the blackest crimes! Here the federal courts are to sit . . . what sort of jury shall we have within the ten miles square? The immediate creatures of government!"

Mason also spoke out in favor of popular elections, unrestricted admission of new western states, and in favor of a three-part executive. As the summer wore on, compromises were reached on most major issues, but a growing Federalist

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consensus began to emerge. What finally turned Mason against the proceedings were decisions reached on a bill of rights and on slavery.

Although a lifelong slaveholder, Mason abhorred the institution, feeling that "every master of slaves is born a petty tyrant." He favored abolition as soon as it was economically feasible and wished to halt all future importation of slaves. However, a hasty compromise was worked out permitting the slave trade to continue for another 20 years.

This compromise upset Mason, and he wrote bitterly to Jefferson of "the precipitate, and not to say indecent, manner in which the business was conducted, during the last week of the Convention, after the patrons of this new plan found they had a decided majority in their favor; which was attained by a compromise between the Eastern and the two Southern states to permit the latter to continue the importation of slaves for twenty odd years; a more favorite object with them than the liberty and happiness of the people."

For Mason, the last straw came on September 12, 1787, when his proposal to include a bill of rights in the new Constitution was defeated 10 states to none. Not even Mason's offer to write an immediate version himself was enough to sway the delegates who were impatient to wrap up matters and go home. The convention also voted down Mason's proposal to hold a second convention, and Mason declared he could not support the final version. "Colonel Mason left Philadelphia in an exceeding ill humor indeed," Madison wrote to Jefferson, and Mason was not present when the other delegates signed on September 17.

Instead, Mason was one of the leaders in the fight against ratification of the new Constitution. He composed a three-page list of objections, and, after dutifully forwarding a copy to George Washington, published them in the *Pennsylvania Packet* on October 4. This publication served as a counter to the *Federalist Papers* that were written during the ratification fight.

Foremost among Mason's objections was that "there is no Declaration of Rights, and the laws of the general government being paramount to the laws and constitution of the several states, the Declaration of Rights in the separate states are no security." There were several other objections raised as well, but it was the lack of a bill of rights that was seized as a rallying point for the Anti-Federalists.

Nine of the 13 states were needed for ratification, and the fight was a heated one in many states. One of the casualties was the friendship of Mason and Washington, as the latter bitterly referred to Mason as his "quondam friend." When the Virginia ratification convention began in June 1788, the Anti-Federalist contingent was led by Mason and Patrick Henry. Among the supporters of the Constitution in the Virginia delegation were such luminaries as Madison, George Wythe, Richard Henry Lee, John Tyler, Benjamin Harrison, and John Marshall, as well as Washington and Jefferson, who did not attend but were known supporters. After much emotional debate, Virginia ratified the Constitution by an 89-79 vote, four days after New Hampshire became the ninth state to ratify.

After this defeat, Mason retired to Gunston Hall for the final time. He turned down a seat in the U.S. Senate, preferring as usual to offer advice from home. James Madison introduced a bill of rights that was essentially based on Mason's to the first session of Congress. Mason commented that "I have received much satisfaction from amendments to the federal Constitution that have lately passed . . . with two or three further amendments . . . I could cheerfully put my hand and heart to the new government."

Mason continued to offer advice to any who would stop by for it. Thomas Jefferson complimented him by saying, "whenever I pass your road I shall do myself the honor of turning into it." Jefferson visited Mason in late September of 1792, and found the Sage of Gunston Hall reconciled with himself on every issue except the slavery compromise. A week later, Mason died peacefully—to the end a man who hated politics but loved liberty. □

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A Most Sensible Man

by Donald G. Smith

Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way, and to bring both his industry and capital into competition with those of any other man, or order of men.

ADAM SMITH
The Wealth of Nations

Adam Smith was a product of the 18th century. For those wanting hard facts, he was born in Kirkcaldy, Scotland, in 1723 and died in 1790. He lived during the Hanover regime, and was a contemporary of George Washington and Frederick the Great. During his lifetime he saw the beginning of the great age of railroading, the Industrial Revolution, and the emerging power of the New World on the other side of the Atlantic.

Although Adam Smith is remembered primarily as an economist, it is misleading to picture him as a man with a cold eye turned solely toward profit and loss statements. He was actually an interesting and rather engaging fellow. Perhaps the model for the quintessential absent-minded professor, he was well-known in Glasgow and enjoyed a reputation as one of the city's leading characters, muttering to himself as he meandered through the streets in his knee breeches and tricornered hat, invariably forgetting his next appointment.

An incontestably brilliant man, Oxford-educated, he taught moral philosophy at the University of Glasgow and could list among his circle of friends and admirers such luminaries as David Hume, Benjamin Franklin, Edmund Burke, and William Pitt. His solid background in philosophical morality is one of the more interesting facets of Smith's nature because his pioneering work in economics had a firm base in the uncompromised righteousness of a thoroughly decent human being.

Smith's interest in economics was influenced by François Quesnay, a French medical doctor who was to gain a reputation as an economist. Until Quesnay, economics had been primarily a gold-and-silver science where wealth was measured in hard currency and the richest nation was the one whose king had the most precious metal in his vault. Quesnay recognized the dynamic concept of circulating wealth, money that passed from hand to hand and made an impact with each transaction. He measured the wealth of a society by the flow of its currency rather than the weight of a pile of gold lying in a box. He and Smith saw economics as a process. They parted company, however, with Quesnay's insistence that all wealth sprang from a nation's agriculture. Smith had seen too much industry in Scotland to discount manufacturing as a vital element in the creation of wealth.

Adam Smith is often considered the father of capitalism, although he never used nor probably even heard the word. He was essentially an observer and, unlike Marx and Engels, had no interest in using economics to engender some manner of social utopia. His world was one of natural laws, forces that were undeniable and would always prevail. His interest was in understanding these laws and thus understanding the world in which he

Mr. Smith, a frequent contributor to The Freeman, *lives in Santa Maria, California.*

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lived. In that the laws were natural, they could not be created at a conference table.

To Adam Smith the laws of the marketplace were the laws of an organized society. A product was created and sold only through self-interest, which Smith saw as not only morally right but essential to the economic process. As he said, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest."

He explained that self-interest guided the producer in creating a product that the consumer needed and wanted and at a price he could afford. The great regulator was competition. Should self-interest turn to greed and the price of the product be raised, then a competitor would offer the same product at a lower price and sell it to the consumer. Thus man did not have to be essentially righteous. The marketplace dictated ethical behavior.

The Importance of the Consumer

Of the two elements, producer and consumer, Smith saw the consumer as the more important. The consumer presented the need and controlled the price by deciding how much he was willing to spend. The producer merely reacted to this need, and if he didn't, a competitor would step in and fill the void, again motivated by self-interest.

His great message was that goodness and humanity are inherent in the system itself. The laws of the marketplace could and would provide for mankind, and thus benevolence sprang from self-interest. His argument for the abolition of slavery, for example, was that the practice was in opposition to the laws of the marketplace—it wasn't an economically sound practice. It was a simple case of good triumphing over evil because the system demanded it. He believed that all social reform would evolve in the same way. Government wasn't up to the task because government represented artificially induced forces.

To Adam Smith there was an inherent morality in sound, unfettered economics, which could be realized only with private control of industry and agriculture. That which interfered with the natural flow of the process was evil. He would have disapproved as much of unscrupulous dealings on the Right as he would have shuddered at the thought of the New Deal, Fair Deal, and Great Society. All of them, in Smith's mind, would represent obstructions to something that had to flow freely in order to work. He encouraged the accumulation of wealth, but it had to be obtained by running with the flow and not by trickery or chicanery. Government, of course, was the great evil, and this is where free men had to be on the alert. Let us remember that Smith was essentially a moralist, and his entire economic philosophy was based upon a system of spreading the wealth, but by natural laws and not by government interference. His message, repeated often, was to keep all unnecessary fingers out of the pie and let the marketplace look after the welfare of the people.

Smith's lesson can well be applied to today's social problems because the laws of the marketplace are still there to help if we will just let them do what they do best. The best thing we can do for the unemployed is to let the economy create jobs for them. Handouts are not the answer to anything. The market economy is also the answer to poverty, hunger, homelessness, and the despair of a hopeless life.

Adam Smith made sense in the 18th century, and he makes sense today. He was a most sensible man, and it is unfortunate that he isn't more widely read than he is. It was Smith who presented economics as a unique discipline and who first saw the producer and the consumer as vital elements in the economy of a nation.

Adam Smith left a legacy to the world that compares favorably with that of any other person in history. He was not only a brilliant individual but a kind and likeable man as well. To those of us who believe in free markets, property rights, and individual enterprise, it is good to know that more than two centuries ago a very wise man was saying the same thing. It is our responsibility to go on saying it. □

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The Best for Priscilla

by Robert A. Peterson

When our sixth child was born a few months ago, we were distressed to hear that she might have a problem with her hips. Visions of a baby in braces raced through our minds. Trying to be the strong husband, I said to my wife, "Don't worry, we'll get the best for Priscilla."

Our pediatrician advised us to have ultrasound testing to see if Priscilla's legs were joining properly with the hip sockets. He sent us to a hospital especially for children—the Alfred I. duPont Institute in Wilmington, Delaware. I didn't know it at the time, but I was in for a lesson in economics that I'll never forget.

The hospital is on the former estate of American inventor, businessman, and philanthropist Alfred duPont, whose money founded the Institute. A remarkable man from a remarkable family, he inherited a substantial fortune and built it into an even larger sum. Like most duPonts, he worked his way up from the bottom, learning the family business in the powder mills along the Brandywine River. In his later years, he decided to move south and spent his time rebuilding Florida's economy after the boom and bust real estate deals of the 1920s. His holdings eventually included forests, banks, railroads, and real estate. His rule: invest only for long-term growth. In fact, duPont didn't expect to reap rewards from his investments during his lifetime.

When he died in 1935, he left an estate of some $70 million. Nearly half—$30 million—was consumed in state and Federal inheritance taxes. After leaving a few million to his wife and children, the remainder endowed the Nemours Foundation, which was charged with opening a hospital devoted to children. For nearly 60 years, the foundation has been benefiting children, operating with funds earned from profitable investments in America's free enterprise system. The hospital, which has never turned a child away, represents the best in free enterprise and philanthropy.

DuPont's grounds and mansion are beautiful, but it was the hospital that astonished me. It is a cross between Disney World and a high-tech research center. The receptionist told us that it was especially designed to be non-threatening to children. The interior of each wing is decorated in a different color—bright red, green, yellow, or blue.

We carried little Priscilla past playroom after playroom and finally reached the ultrasound room. With its soft lighting and colorful aquarium, the room was far from institutional. On the wall were posters of Pinocchio, Snow White, Bambi—cartoon creations from the studio of American artist-entrepreneur Walt Disney. Suspended from the ceiling were more cartoon characters, originally marketed to make a profit for their creators, but who have since delighted—and sometimes comforted—a generation of Americans. Here, also, were doctors and nurses who really cared. Little Priscilla was too young to be impressed by all this, but it sure eased my mind!

The ultrasound imaging took only a few minutes. As we waited for the results and the specialist's opinion, I picked up some literature and began reading more about this wonderful hospital.

Mr. Peterson is headmaster of The Pilgrim Academy in Egg Harbor City, New Jersey.

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At duPont a pre-operative visit helps young surgical patients feel at home and overcome their fears about the procedures they will undergo. They meet "Mr. Teddy Bear," another patient (whose intravenous tube is connected to a bottle of "Hospital 7-Up"), receive a "real" surgical mask, and may take a ride in the red wagon that will transport them to the operating room. As a result, patients are happier, calmer, and easier to help —and so are the parents, who take these things harder than the children do.

On surgery day, the family remains together in a cheerfully decorated room. The patient may play, read, or watch TV until—with a favorite toy or blanket in hand—he is taken to surgery. After surgery, the child is immediately reunited with his parents. More important, the adults are often relieved to find that every anesthesiologist is also certified in pediatrics.

Searching for Tomorrow's Cures

The Nemours Foundation is funding a number of research projects that will benefit the next generation of children. The Institute already is a leader in Lyme disease detection and treatment. Institute scientists also are searching for the causes of muscular dystrophy. So far, researchers have discovered that the chemical compound hemin, when injected into laboratory animals, dramatically increases muscle strength and significantly reduces the invasion of connective tissue cells seen in the disease. Human tests will follow.

The Institute also is adapting computer technology to assist disabled children. Portable robotic arms are being developed that can be placed at a work station or on the side of a wheelchair. These arms then will be programmed to perform specific functions.

Computer devices also are being developed to aid children with speech and hearing impairments. Projects include a telephone system for the deaf that uses video sign language and a speech synthesizer that reflects the age and personality of the user.

The Institute's ultimate goal is to "prolong and improve the lives of children everywhere." But the Institute can't do that without the benefits of a free society. A free society generates the wealth needed to fund continued treatment and research, and provides the climate needed for innovation, discovery, and experimentation.

Today, Alfred duPont's Nemours Foundation continues to invest in profit-seeking enterprises, with the proceeds supporting the hospital's programs. Interest, profits, capital accumulation—things so disparaged by Marx and his followers—are what make the duPont Institute possible. Destroy the profit motive and you throw the baby out with the bath water. Destroy the businesses in which the Nemours Foundation invests and you destroy the Institute. The more business is regulated, the fewer dividends are available to maintain and expand the hospital.

After about a half hour, two doctors came in and gave us their analysis of the ultrasound: Priscilla was okay. There would be no need for a cast, a brace, or any treatment whatsoever. Her hip sockets were fine.

As we were leaving, I asked a hospital administrator if there were any hospitals like this outside the Western world.

"None," she said.

"Have you ever had visitors from Eastern Europe or the Soviet Union?" I asked.

"Yes, as a matter of fact we had some visitors from Russia just a few weeks ago. When they saw what we had here, they wept."

These visitors knew that they could never have such a hospital until their country is free. No amount of central planning, Western subsidies, socialized medicine, or national health insurance could create a duPont Institute. Only the continuing vitality of a free society, where people can innovate, create, invest, and serve others as they choose, makes such an institution possible.

There are many arguments for the free society, but none so compelling as the health and welfare of our children. The best for our little Priscilla—the best for children everywhere—is the fruit of freedom. □

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Canadian Medicare: Doomed from the Start

by Terence Corcoran

Canada's health care system is lumbering toward disintegration. Born 30 years ago in Saskatchewan, medicare's massive bureaucratic and political structure will fall apart unless action is taken. There seems little disagreement on this point, mainly because the evidence is everywhere.

The medicare debate, instead, is building around the salvage operation—how to fix the system and halt its decline, how to control and manage the delivery of health care services to a population that now regards free, socialized medical care as a national birthright. In the words of the British Columbia Royal Commission on Health Care and Costs, "It is a great system, but it needs to change."

The salvage operation has taken a predictable course. In newspaper commentaries, political debates, royal commission reports, and at hospital association meetings, the common themes of reform are restated over and over again. We need a comprehensive national strategy, a major resetting of priorities, a reallocation of funds, better management.

The problem with this approach to reform of the health care system is that it overlooks an important complication: It won't work. The best intentions, the most diligent effort, the greatest minds cannot and will not be able to overcome the problem at the heart of the decline of Canadian medical care.

Mr. Corcoran writes the Report on Business column for The Globe and Mail, *Toronto, Canada. This article is from his November 23, 1991, column.*

The health care crisis is rooted in the same swamp that leads to the decline of all socialized systems all over the world. Numerous economists long ago pointed out that socialized structures cannot be managed, and are doomed to collapse and chaos, because they suffer from a lack of essential economic information and an inability to make economic calculations and decisions.

The problem of economic calculation is not merely a technical matter that can be resolved with a few more computers or overcome by a more concentrated and dedicated brain trust. The inability to make rational economic calculations—to determine how much money to spend where, when, how, and why—occurs because the system has outlawed the basis for making economic calculations.

Canadian medicare is expected to deliver health care to 25 million people without the three essential ingredients of a workable economic system: prices, markets, and profits.

The arguments against prices and markets are legion. Looming largest in health care is the moral argument. We cannot, critics tell us, leave something as crucial as health care to a market-based system. There's no denying that the moral issues are important and worthy of every attention. But that is not the point here. The point is this: You can believe that socialized medicare is the most moral system in the world, *if you want*, but the fact is that socialized medicare will not work.

Another popular argument against markets is to point to the United States. But the U.S. system is

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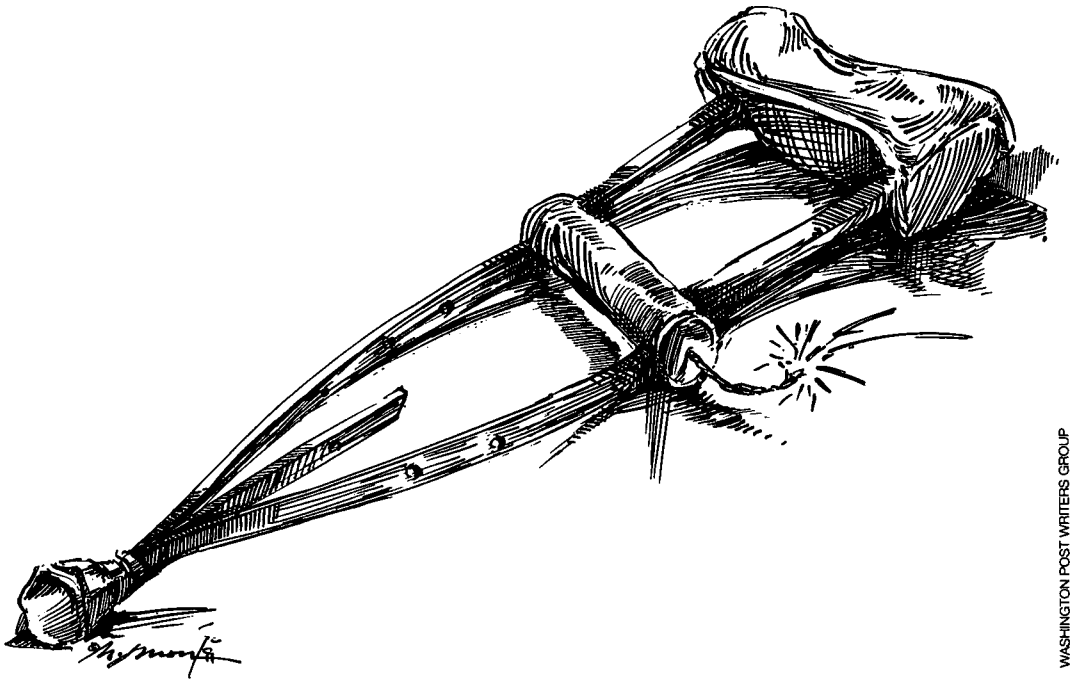

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not a market-based system. More than 40 percent of the U.S. health care system is paid for by government, the industry is heavily regulated by national and state laws, and evidence of bureaucratic and government-caused waste abounds.

Canadian medical care costs an average of $5,000 a year (in Canadian dollars) for each household. This cost, however, is not paid by consumers of health care, which means that the essential price signals telling the system what services to provide are nonexistent. Since governments own virtually all of the health care system, there are no profit signals telling the owners where to invest and where not to invest.

No Prices, No Markets

Replacing the market are the bureaucrats and the politicians, who must make every decision and calculation—without having the essential information. There are no prices, no costs, no profits, no markets.

The result is the current turmoil and the ultimately insoluble political and pressure-group debates over numbers of hospital beds, doctors' salaries, service cutbacks, uncontrolled costs, mounting debts, nurses' responsibilities—all of which will have to be resolved by arbitrary political fiat.

All we need to do, others say, is manage the system better, bring in some good, sound business practices. This is a fruitless exercise. Little pockets of seeming efficiency might be created in some hospitals and in some areas, but the whole economic structure cannot be managed into economic health.

The recent report of the British Columbia Royal Commission is a tragic demonstration of the futility of the current debate. By rough count, there are 650 recommendations and sub-recommendations, the majority of which require the government to expand bureaucratic control through thousands of additional recommendations and regulations.

As the commission said: "There has never been an overall plan, and, quite naturally, the structure that has evolved lacked coherence and, sometimes, logic. It also lacks the ability to assess itself, to objectively judge how just, efficient and effective it is in providing health care."

Another 650 recommendations will not change the reason the system cannot assess itself—and the recommendations, if implemented, will only make matters worse. □

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The Little Railroad That Could

by Anthony Young

Woven into the rich fabric of American history and folklore are some of the most famous railroads still operating today. You needn't be a railroad buff to recognize them: the Atchison, Topeka and Santa Fe (established 1895), the Grand Trunk Western (1852), and the Union Pacific (1862) to name just three. Among these great railroads are those created recently by mergers of existing companies, with names like Conrail, Burlington Northern, and CSX. Of the thirteen Class 1 freight carriers operating in the United States, the smallest is the Florida East Coast Railway (FEC).[1]

The FEC operates only 783 miles of track between its Jacksonville headquarters and Miami, but in a heavily regulated and unionized industry, it is a model of efficiency and profitability. How has this small railroad, established in 1895, managed to survive and prosper in an industry that has seen countless railroads, both great and small, vanish from the scene?

The Flagler System

Railroading has always attracted the thickest-skinned entrepreneurs—captains of industry and empire builders. This was true of even a small railroad like the FEC. Henry Morrison Flagler (1830-1913) was such a man. The partnership he formed with John D. and William Rockefeller to operate a small refinery in Cleveland eventually grew to become the Standard Oil Company of Ohio. He became a multi-millionaire, and by the 1880s was looking for new empires to build.

In the winter of 1883-84 he visited St. Augustine, Florida. He thought the small city charming and the climate to his liking, but found the accommodations lacking. While considering building a luxury hotel, he became convinced that he could make St. Augustine a travel destination for wealthy Americans. He announced plans to build a hotel to rival anything in Europe, and that was to be the draw.

To get the vast quantities of construction material to the burgeoning city and offer a route to his new hotel, Flagler purchased the bonds to the Jacksonville, St. Augustine and Halifax River Railway. The Ponce de Leon opened in January 1888, the first of many luxury hotels Flagler would build or refurbish in Florida. These became known as the Flagler System Hotels.

Flagler realized that the means of expanding Florida tourism was the railroad, and he began acquiring other lines along the state's east coast. In 1888 the first all-Pullman vestibule train began running between New York and Florida. He built a bridge across the St. Johns River to permit trains to travel directly to St. Augustine; before, passengers traveled to Jacksonville and took a ferry across the river, then traveled by train to St. Augustine.

Pushing farther south, Flagler established resorts in Palm Beach and Miami. In the spring of 1892, he incorporated a new line, the Florida Coast and Gulf Railway. Later that year, he changed the name to the Jacksonville, St. Augustine and Indian River Railway. In 1895 this became the Florida

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East Coast Railway, and Flagler merged his other railroads under this banner.

With vision some called folly, Flagler set his sights on Key West as the railroad's final destination. This massive engineering project, called the Key West Extension, was begun in 1904 and completed in 1912 at a cost of tens of millions of dollars and a loss of more than 700 lives due to storms, diseases, and other mishaps. On the inaugural trip from New York to Key West, Flagler rode in his private railway car, "Rambler." Nearly blind, he lived to witness, but not see, his greatest accomplishment. The "railroad that went to sea," as some called it, operated for 23 years, until it was destroyed by a hurricane in 1935.[2]

Freight as well as passengers were vitally important to the FEC during the 1920s and 1930s. The Atlantic Coast Line Railway and the Seaboard Air Line Railroad were its chief competitors in Florida during this time and in the decades that followed. Forced to file for bankruptcy in the Great Depression year of 1931, the FEC continued to operate in receivership, yet stubbornly refused to go under.

Union Trouble

The FEC's most vexing problems ultimately would come from within, as well as from the government. Between 1950 and 1962, it earned a profit in only one year, 1955. The railroad lost over $29 million during that time.[3] In 1961 the Interstate Commerce Commission awarded trusteeship to Edward Ball, chairman of the board of the FEC, which was now a subsidiary of St. Joe Paper Company, itself a subsidiary of the Alfred I. duPont Estate. As a trustee of the estate, Ball had been buying up the second mortgage bonds of the FEC since 1941. For the next 20 years, he was the railroad's greatest champion and defender. That did not include, however, supporting a bloated payroll. As part of reorganization efforts, he cut the number of employees from 3,300 to 2,200.

Ball conferred closely with two other officers of the company, Raymond W. Wyckoff and Winfred L. Thornton. They soon agreed that to save the railroad, they would have to challenge the unions. In 1962 the FEC refused union wage demands and decided to negotiate directly with its employees. One of the longest and most destructive strikes in American railroad history, involving five operating unions and 22 non-operating unions (those not running the trains), began on January 23, 1963.

In the first 10 days of the strike, nothing moved on FEC tracks. Ed Ball was resolute: He would not acquiesce to union demands, despite intense pressure from the Kennedy Administration. Company officers made a bold decision. They would operate the railroad with supervisory personnel and employ new workers. The alternative was a return to bankruptcy. On February 3, 1963, the first train with a supervisory crew set out from the Bowden terminal in Jacksonville.

In the months that followed, hundreds of acts of violence and sabotage were committed against the railroad. These included removing rails, damaging switches, and firing gunshots at the locomotive cabs. There were several wrecks and in two instances trains were blown up, but there were no serious injuries or deaths.

No passengers were carried during the strike until the Florida Railroad and Public Utilities Commission (FR&PUC) examined the company's charter and ordered the FEC to reinstate passenger service. On August 2, 1965, passenger trains once again were running between Jacksonville and Miami, but the railroad warned passengers they traveled at their own risk.

Rail travel in general had been declining since the 1950s. The FEC had been losing money for years on its passenger service, and the strike exacerbated the situation. The company petitioned the FR&PUC to end service, and this was granted. The last FEC passenger train ran on July 31, 1968.

The strikes dragged on into the 1970s. Many railroad workers gave up hope of there ever being a settlement and moved on to other jobs, never to return to the industry. The strike by the non-operating unions didn't end until December 1974. The National Mediation Board finally called a halt to the strikes by the operating unions on May 3, 1977.

Cutting the Fat

The strike and subsequent operation by supervisory personnel and new hires proved to the FEC just how much featherbedding there had been.

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The railroad found it could operate with far fewer workers.

The FEC implemented changes that were radical for the industry—changes that would make the railroad profitable. The following work rules were eliminated:

1. The archaic 100-mile-day rule that required three separate five-man crews to move a train from Jacksonville to Miami. The FEC implemented an eight-hour day, plus time-and-a-half for overtime. In the process, they reduced the crew to two operators per train for the entire trip, eliminating 13 non-essential workers.

2. Restrictions on road crews operating within a terminal.

3. Rules preventing yard crews from performing road work, or vice versa.

4. Restrictions fixing the number of men in a yard or train crew.

5. Rules dictating when yard engines (locomotives) could be started.

The FEC also established a single seniority date—the date of hire—for all engine and train employees in both yard and road service, so that an employee could apply for the different positions he was qualified to hold without penalty. This has given employees unprecedented flexibility in planning their careers.

In addition, the FEC started an aggressive capital improvement program that today is the model for the industry. In the mid-1960s, the FEC began developing concrete ties, which are now used on all the company's main track from Jacksonville to Miami. This greatly reduces track maintenance and costs.

To insure safety and optimal equipment operation, automatic devices installed every 20 miles of track check for loose wheels, overheated journals, and dragging equipment, and verify the presence of the tail-end monitor since cabooses are no longer used. Overhead gantries fitted with photo-beams check for shifted loads every 40 miles.

The FEC's outstanding profits come from its ability to quickly load trailers coming off the interstate, usually two to a flatcar; keeping the trains short, usually 20 cars per train, permits quick turnaround and frequent departures held to a strict timetable. This piggyback service saves wear and tear on customer equipment, reduces driver fatigue, and cuts freight costs to and from Miami. High volume permits the FEC to keep its rates low.

A Lesson to Follow

Can the FEC's innovations be adopted by other railroads? This has been bandied about for years. Some railroads have adopted aspects of the FEC's operations, but these are exceptions. Others have tried, only to be driven back by the unions. Some industry analysts say the FEC's position is unique. Nevertheless, company officers would be the first to say procedures such as theirs *could* be implemented, but the industry mind-set precludes it. FEC president W. L. Thornton made his views clear: "The Florida East Coast has demonstrated how much you can do if you allow yourself not to be constrained by the way things *have* been done. You see all kinds of things done unconventionally on the FEC, at all levels—in the mechanical department, in operations, in the yards. One reason for this is that they brought in 'inexperienced' people instead of embracing the institutionalized verities that were there before them. Conventional wisdom went out the window, where it so often belongs."[4]

Clearly, the FEC's key executives have embraced this view for the past three decades. It would take a similar commitment for other, larger railroads to make comparable changes. In any event, the Florida East Coast Railway will continue to be an innovative leader, an example of what can be done if the will to do so is there. □

1. The Interstate Commerce Commission ranks railroads according to size. Rail systems with operating revenues of $93.5 million or more are categorized Class 1.

2. Pat Parks, *The Railroad That Died at Sea* (Key West, Fla.: The Langley Press, 1968), p. 38.

3. Seth H. Bramson, *Speedway to Sunshine* (Erin, Ontario, Canada: Boston Mills Press, 1984), p. 141.

4. Quoted by Luther S. Miller, editor, *Railway Age*, May 8, 1978.

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Business and the "Adopt-a-School" Fiasco

by John Hood

The debate over public education reform in the United States has largely become an exchange of clichés, of orphaned terminology searching for practical meaning. All sides are calling for school "restructuring," though the architecture of the education edifice to be created from the ruins of the old is rarely defined. The National Education Association, the nation's largest teacher union, is running an "Invest in Education" advertising campaign, as if massive increases in public education spending over the last two decades haven't already tested the efficacy of "investment" that does not yield results.

Slogans and clichés have been especially prominent in discussions about what role American business should play in education reform. Businesses have entered into "public-private partnerships," they have "adopted schools," and they have formed "business compacts" to encourage change and performance.

But do America's public schools suffer from a lack of private partners or adoptive parents? Not really. "So long as adopt-a-schools, partnerships, and cooperative ventures are the first, exploratory steps, they are important; as last steps, they are not worth the paper they're written on," comments Denis P. Doyle, a Hudson Institute scholar. "As a device to lay the groundwork for restructuring, they are invaluable; if they simply represent transient, cosmetic changes, they are wasted effort."

John Hood is publications and research director of the John Locke Foundation in Raleigh, North Carolina, and author of Cato Institute Policy Analysis No. 153, "When Business Adopts Schools: Spare the Rod, Spoil the Child," from which parts of this article are adapted.

Unfortunately, most attempts by businesses to reform education in the middle-to-late 1980s can only be described as cosmetic surgery—while the health of American public education continues to deteriorate. Furthermore, in a few cases business leaders have been co-opted by the education establishment, so that businesses have advocated more of the same "reforms" proven to be wasteful and counterproductive in the past: massive cash infusions, continued reduction of teacher productivity, and more government regulation of school operations, personnel, and curricula. This goes beyond cosmetic surgery—these businesses are helping to kill the patient.

Identifying the Crisis

Accustomed to the demands of a competitive marketplace and the incentives it provides to produce the best and most goods at lowest cost, business executives often have a uniquely insightful understanding of the education dilemma. "It is a bitter irony that at a time of unprecedented high-tech affluence, virtually full employment, and our highest level of mean education achievement, our school systems are producing so many 'products' subject to recall," said Preston Townley, president and chief executive officer of The Conference Board, in a 1989 speech in Los Angeles.

Businesses have sound reasons to be concerned about the current flood of ill-prepared, sometimes illiterate high school graduates into the American job market. First, young people entering the work force often don't have the basic skills to perform the tasks demanded by the modern competitive

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economy. In studies made in conjunction with the "Workforce 2000" report by the Hudson Institute, researchers William Johnston and Arnold H. Packer found that the reading level of the average young adult, 21 to 25 years old, was significantly below that required to do the typical job available in 1984—and even more significantly below the level required to fill the jobs to be created from now until the end of the century.

The impact of this job-skills gap is being felt throughout the American economy. Metal Fab Corporation, a Florida manufacturing firm, estimated in 1988 that it could save $1.2 million a year if its employees had stronger reading and math skills—they wouldn't misread blueprints so often or measure costly production materials incorrectly. Concerned about worker mistakes, New York Life began airlifting its health-insurance claims to Ireland for processing. In 1990 Citicorp Savings Bank of Illinois rejected 84 percent of applications for bank teller and clerical positions. Most of those rejected couldn't fill out the application forms.

When employers do accept ill-prepared applicants, they must spend time and money teaching their new employees to read, write, and solve simple mathematics problems. IBM, for instance, spends about 17 percent of its $60 billion in total revenues each year on education and training, including funds for salaries for 7,000 teachers, for classrooms, and for textbooks—and that doesn't include the cost of paying employees a salary while being taught the skills to do the jobs they were hired to perform. Some corporations have gone even further by setting up classes for potential job seekers, just to create a suitable applicant pool.

Despite these efforts, discussed in more detail below, new workers in most businesses remain generally unprepared for the demands of their jobs. After all, while large businesses can afford to re-educate at least some of their employees, small businesses more precariously positioned above the break-even line can't afford such programs. In an American Management Association survey of companies with sales under $50 million (which are still sizable firms compared with the vast majority of American businesses), only 6 percent had tested their employees for basic skills, and only 25 percent of companies administering tests provided remedial instruction or required employees to attend remedial courses elsewhere.

Business involvement in American pre-college education, while varied and in some cases manifested in unique programs, can be divided into three basic categories: 1) *businesses helping schools*—donations and other aid to elementary and secondary schools, 2) *businesses acting as schools*—company-run training and remedial programs, and 3) *businesses changing schools*—involvement in the social and political debate over education reform.

Businesses Helping Schools: How Large an Allowance?

It's difficult to argue with the notion, widely held throughout the post-*Nation at Risk* reform wave of the 1980s, that business involvement with and aid to local schools is a good idea. All things being equal, a little encouragement from business executives might be just the thing to keep a particular student on track and motivated with the prospect of future reward in the working world. After all, it's gratifying and inspiring to learn that someone cares whether you succeed in your studies, especially for students whose parents are uninterested or unable to provide encouragement at home.

Taking this notion to heart, American businesses greatly increased programs to provide funds, technical assistance, volunteers, and other aid to selected schools or school systems during the 1980s. Many of these programs were constructed as "public-private partnerships," in which businesses find out what needs their partner schools have and then make arrangements to fill those needs. By 1988 the number of partnerships between U.S. businesses and schools had reached 140,000, up from 40,000 in 1983. According to statistics compiled by the Council for Aid to Education, corporate donations to schools totaled about $225 million in 1989, an increase of 125 percent from 1986. And this doesn't factor in the dollar value of volunteer efforts by business executives, managers, and other employees.

Corporate monetary and in-kind donations are made in a number of ways. One popular method in the 1980s was for a company to "adopt a school," usually one located near a business office or plant. In many cases, company employees would meet with school personnel to plan visits to teach or help teach classes, make guest

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appearances as lecturers or motivational speakers, plan and staff fund-raisers, and serve as mentors for students.

It's fair to say that since the early days of partnerships and "adopt-a-school" programs, enthusiasm has waned. Despite costly and time-consuming efforts, businesses couldn't see practical results. In a *Fortune* magazine survey, 55 percent of corporate leaders who have given money or in-kind contributions to schools said their involvement made little or no difference. "Adopting schools and buying chic uniforms for school bands and school basketball teams made some local people happy," said Preston Townley of The Conference Board. "But business leaders began to realize that they did nothing for true educational reform."

One reason businesses seem less enthusiastic about direct partnerships with schools is that contact with school personnel has pointed up significant differences between the two groups. Government regulations and union contracts have frequently limited the ability of school employees to take action or create programs as quickly and as imaginatively as business leaders want.

Jane Salodof of *Management Review* describes one case in which a corporation donated a computer to its adopted school, only to find that after several months, the computer still hadn't been used. It couldn't be—a chalkboard was in the way. "Such a delay may be taken in stride for school officials, who often do not control unionized school custodians," Salodof writes, "but it is difficult for corporate leaders to accept as routine." At another school, a $10,000 business donation wasn't deposited for nearly a year because approval was required from a committee that didn't meet very often (which explains why many businesses and schools preferred in-kind, rather than monetary, contributions).

Fundamentally, most business and school leaders have come to believe that partnerships and donations alone won't make much of a difference. The dollar amount of donations, while substantial, never made up more than a small percentage of school budgets. And businesses seeking to make donations faced a dilemma—if they set specific goals for schools to reach as a condition for aid, they were accused of inappropriate meddling in education policy. But if businesses wrote blank checks to be spent by schools for more of the same old programs, their efforts would be wasted or counterproductive.

Businesses Acting As Schools: Whose Assignment Is It?

Faced with the failure of public education—and the shortcomings of partnerships and donations—many companies have resolved to address the problem themselves by providing basic education to workers. Training programs have been a mainstay for years, of course, but a significant number of today's "corporate classrooms" are as likely to be teaching workers how to read and solve math problems as they are to be teaching how to operate machinery or follow production procedures.

Considered in the broadest sense, American business is an enormous educational enterprise. Some $210 billion is spent each year by businesses for training and education, either directly ($30 billion for formal classes and training programs) or indirectly ($180 billion for on-the-job instruction, informal lessons from a supervisor or co-worker, and so on). By comparison, the total budget for K-12 education in the United States is around $200 billion a year, and college and university spending is well over $100 billion.

There are notable examples of businesses taking up the slack for failed public education:

- Philadelphia Newspapers, owner of *The Philadelphia Inquirer* and *The Philadelphia Daily News*, provides co-worker tutors and classes for employees with poor reading skills. It began the program after learning that 20 percent of employees couldn't read the newspaper they were printing or delivering.
- Aetna Life & Casualty operates the Aetna Institute for Corporate Education in Connecticut. Educating 28,000 students each year, the institute offers more than 250 courses to Aetna employees, ranging from management techniques to basic writing.
- Motorola tests prospective employees for basic skills, requiring workers to reach a fifth-grade level in math and a seventh-grade level in reading. At any given time, about 4 percent of production workers are in company-sponsored classes.
- Honeywell, Boeing, Eldec, and other corporations in the Pacific Northwest sponsor classes at a vocational center near Seattle. They hire most of the program's graduates.

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Company education programs demonstrate that students can be taught basic skills, but they also show that competitive pressures, a focus on productivity and results, streamlined management, and proper student motivation (wages and benefits waiting for them in their new jobs) are crucial to successful education.

Businesses Changing Schools: What Potential?

The most direct route to improving American education is radically to change the way public schools operate. But this is one role that businesses have not been performing, mostly because school officials—and the local, state, and Federal policymakers taking their cue from school officials—have resisted "interference" from the business world. It's as if the government were encouraging businesses to adopt schools, but preventing the new "parents" from disciplining or instructing their adoptees.

That which creates a spoiled child within a family seems to do the same in education. By and large, public schools have failed to meet the expectations and demands of students, parents, and the general public. But rather than accepting the responsibility and undertaking serious reforms, public educators blame lack of resources, absence of community support, and similar factors.

Educators sometimes say that business involvement in public schooling is hypocritical because many businesses have opposed tax increases. Some have accused businesses of sabotaging legislative proposals that would raise teacher salaries, reduce class sizes, or equalize spending among rich and poor school districts.

Actually, a growing number of business leaders have supported school reform plans devised by the education establishment, including higher taxes. In recent years, business organizations in New Orleans, Cincinnati, Memphis, and in South Carolina, North Carolina, and California have supported local or state tax increases to fund education spending hikes. In 1991 the Committee for Economic Development, a national group of 250 business and education leaders, called for at least $10 billion in new Federal spending on education. They announced that the national school reform effort would fail unless the federal government expanded Head Start, an early-childhood education program, from its current focus on poor children to all children aged 5 and under.

Teacher unions, education officials, and other supporters of the public education monopoly have made a spirited effort to convince business leaders that the problems of education are mostly monetary and that markets would destroy education. Many schools, in fact, use the partnership model as a political tool to recruit business allies. Cultivating business contacts is part of a marketing strategy to raise public support for increased education spending.

To a surprising degree, the education establishment's strategy has worked. Even as business leaders complain about the shortcomings of their early involvement with school reform, many support the initiatives and programs devised by the very people who have been in charge of American education during its decline. These programs—more spending for public schools, expansion of Head Start, school "equalization"—are variations on an old theme, not an innovative set of reforms.

American public schools already spend more per student than any other country except Switzerland. Moreover, the 1980s were a decade of rapidly expanding school budgets, reduced class sizes, and increased teacher salaries. Total Federal, state, and local spending for current (non-capital) expenses in public schools rose by one-third after inflation during the 1980s. Much of this was related to further attempts to reduce the already declining average class size (which is 63 percent lower today than in 1955), even though countries such as Japan, South Korea, Spain, and France—whose students perform much better on standardized tests than Americans—have significantly larger class sizes. If more money and smaller classes were the answer to our educational woes, some evidence of student progress would exist. But it doesn't.

The surprisingly widespread support for Head Start expansion among education-minded business leaders is especially disconcerting. The program was never intended to be expanded to all children, as Edward Zigler, a creator of Head Start in the 1960s, points out. "Those who argue in favor of universal preschool education ignore evidence that indicates early schooling is inappropriate for many four-year-olds and that it may even be harmful to their development," he writes.

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It is primarily the health and nutritional components of Head Start, not its educational content, that help poor children. And even that help appears to be short-lived, at least as measured by its effects on schooling. A Federal study of Head Start released in 1985 found that by the end of the second year of elementary school, "there are no educationally meaningful differences on any of the measures" between Head Start children and their peers.

Making a major expansion of Head Start the linchpin of education reform, as many business groups have advocated during the past two or three years, would be a costly and destructive mistake. Moreover, it assumes that America's education problems arise because publicly supported institutions don't have enough control over the children's instruction—that schools fail to educate children in grades K-12 simply because they aren't teaching them at the pre-kindergarten level.

A Real Business Agenda for School Reform

What should American business be doing to promote real reform? First, business leaders should return to first principles. They must begin to apply the lessons they learn every day in the marketplace—competition breeds quality, investment without productivity is wasteful, producers must be accountable to consumers—to an education system they rightly view as a failure. These principles suggest that markets, rather than bureaucratic monopolies, should be delivering the service of education to American students. Business leaders must be in the forefront in advocating this change. "If we in business don't close ranks and insist on radical reform, and do this very soon, I say . . . forget it," declares Thomas F. Roeser, president of the City Club of Chicago. "By the year 2000 we'll be even further behind in the international education standings than we are now."

Businesses must scrutinize their philanthropic involvement with public schools to make sure they aren't simply buttressing the current system. Consider the absurdity of improving the U.S. Postal Service, a government monopoly generally regarded as providing relatively poor service at high cost, by having businesses "adopt a post office." It wouldn't change anything. If "partnerships" with public schools are to be retained at all, they should be reconstituted as avenues to create pressure for real reform—to be used, for instance, to locate and cultivate relationships with superintendents, principals, and teachers who support market-oriented reform. (There are quite a few, but they have no union to speak for them.)

Most important, however, businesses must seek out their own information, ideas, and opinions on crucial educational questions, rather than rely on the answers provided by the education establishment. Advocates of more of the same—tax increases, higher spending, state control and regulation, rigid tenure rules—actively identify and cultivate business relationships that advance their political and educational goals. Businesses must turn the tables on this strategy and find allies among educators who want real change in American schooling. If education-establishment lobbyists can use the support of prominent business leaders to great effect in political debates, advocates of education markets can use the support of reform-minded educators to equally persuasive effect.

Through research, advocacy, and political organization, businesses can bring about the kind of reform needed in American public education—but only if they remember that "adopting schools" isn't enough and can often be used to protect the status quo. The discipline of the marketplace must be applied to education, for the same reason that parents must enforce discipline at home: If you spare the rod, you spoil the child. □

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The Rebirth of Mexico

by Sheila Melvin

The traffic light dangling above the massive intersection in downtown Mexico City changed to red, and our airport taxi driver unwillingly slammed his foot on the brake. All around, cars, trucks, and cycles ground to a momentary halt. Although the day had been clear in the air above Mexico, here on the ground pollution, particle-laden and thick as fog, obscured all traces of sunshine.

Stepping out of the smog and into the clogged roadway, a young man with a painted face and harlequinesque clothing approached our cab. In his right hand he held a flaming torch which he brandished theatrically before his captive commuter audience. Looking at me through the open window, he raised the torch to his mouth and swallowed the flames with a flourish.

I blinked. I had never seen a fire-eater close up, and had certainly never seen one at a busy intersection in a major world capital. After a moment, the young man pulled the torch out of his mouth, waved it as though to prove that the flames had really been extinguished, and held out his hand for a donation.

I blinked again, but was convinced that the act had not been an illusion—the flames had been real and, somehow, the young man had swallowed them. As I fumbled for some coins, the light changed and the cab driver accelerated. Craning my neck for a last look as we careened away, I saw the flame swallower relighting his torch in preparation for his next performance.

These were the first moments of my first visit to Mexico. Over the next three weeks, I would have more than a few occasions to blink as I attempted to reconcile my rather murky image of Mexico as a desperately poor, corrupt, Third World country with an abysmal economy, a socialist-leaning government, and an anti-American populace, with the reality of the Mexico I saw around me. But by the end of my visit, I was convinced that the Mexico I was seeing—hard-working, friendly, efficient, open, and developing economically at an astounding pace—was no illusion.

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"Salinastroika"

"Salinastroika" is the word coined to describe the transformation the Mexican economy has undergone since Carlos Salinas de Gortari became president in 1988. It is a catchy term, but the difference between it and the "perestroika" it is derived from is that "Salinastroika" is actually working.

President Salinas has a Ph.D. in economics from Harvard and he has surrounded himself with talented advisers; *The Economist* calls the current Mexican leadership "probably the most economically literate group that has ever governed any nation anywhere." Under Salinas's guidance, many of the socialist policies that hobbled the Mexican economy have been disassembled. Nationalized banks, state enterprises, high tariffs, nontariff barriers, and much of the other paraphernalia of a statist economy have been swept away in favor of private banks, private enterprise, and foreign investment. Inflation,

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which reached 160 percent in 1987, has been brought way down. Salinas's policies are considered so successful that some Western analysts have even suggested that Eastern Europeans should emulate "Salinastroika" as they attempt to drag their economies out of the Communist abyss.

By allowing foreign investment and greater competition in the domestic market, by limiting government intervention, and by pushing to enter into a free trade agreement with the United States and Canada, Salinas and his advisers hope to give Mexico's 90 million people the best opportunity they have had in years to pull themselves upward economically. There is strong evidence that "Salinastroika" is succeeding in doing just that.

This Is the Third World?

Prior to visiting Mexico, my travel companions and I immersed ourselves in literature on Mayan hieroglyphs and Indian villages, but read next to nothing about the 1991 Mexican reality. We knew only that Mexico was a poor Third World country, and we approached it with the assumptions and attitudes formed in a year spent traveling together in China, India, Indonesia, and half a dozen other Third World Asian nations.

Wishing to purchase train tickets from Mexico City to Oaxaca, we scheduled half a day to wait in line and hoped that it would be enough time. When we got to the station, a gleaming modern building, we were astounded to find no lines. An English-speaking information officer guided us to the ticket counter where a clerk issued computer-generated tickets in less than five minutes. On the way out, we noticed an automatic teller machine with links to our banks in the United States. Although they needed no money, both my friends pulled out their bank cards and got cash just to see the machine access their American bank accounts and spit out crisp peso bills. "This," we asked each other, "is the Third World?"

The long-distance bus system, comprised of a number of competing companies, was even more convenient than the trains. As one Australian who had just spent four months traveling by bus in the U.S. put it, "Mexico's bus system puts Greyhound to shame." Mexico's worst buses, we concluded, were as good as China's best, and Mexico's best buses—with reclining seats, air conditioning, VCRs, and TV monitors—were better than any we had ever seen.

As we wandered through Oaxaca and Chiapas, two of Mexico's poorest states, we repeatedly wondered how Americans, ourselves included, had formed their impressions of Mexico. One by one, we lifted our stereotypes of "south of the border" up to the Mexico we saw around us and found them to be fundamentally unsound.

No, the water could not be drunk by foreigners, but bottled mineral water was available in even the most off-the-beaten-track destinations, and we never had to use the iodine tablets we had used regularly in other nations. The roads were not super-highways, but they were for the most part well-paved and well-maintained and were far from terrifying. Traveling by night bus, we encountered not the proverbial *banditos*, but courteous, if overzealous, police officers who boarded the bus to check passengers' identification cards and passports. With one exception, every bus we took arrived on time or early.

Most important of all to us, we experienced none of the virulent anti-Americanism we had been told was common in Mexico. On the contrary, any time we looked the slightest bit lost or confused, someone would approach and offer us help in English. None of us spoke Spanish, but rather than getting angry or impatient as the three *gringas* mispronounced Spanish words or, worse, Aztec names like Teotihuacan, ticket clerks, waiters, and cab drivers listened in amusement and did their best to help us.

A New Market for Pepsi?

Demand for American goods in Mexico is high, having skyrocketed since Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986. As Herminio Blanco, chief Mexican negotiator for the Free Trade Agreement, has stressed, if the agreement is passed, this demand will grow with the wealth that will be generated by it.

American cars are everywhere, and consumer items such as film, soft drinks, and candy are available in remote towns, even in ghost towns. The manner in which one American product (Pepsi-Cola) has penetrated a segment of the Mexican market not renowned for its openness is startling.

San Juan Chamula is an Indian village located in

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SHEILA MELVIN

The church at San Juan Chamula.

the southern state of Chiapas, just outside the colonial city of San Cristobal de las Casas. The 60,000 Tzotzil-speaking Chamula Indians who live in the town and its surrounding mountains are known for their mistrust of change and firm adherence to tradition. Several years ago, two foreign tourists who violated Chamula sensibilities and town regulations by taking a photograph inside the church were reportedly stoned to death. In 1987 the Chamulas, who have been Catholic for hundreds of years, expelled all Catholic clergy from their town and began assaulting any tribal members who worshipped at the cathedral in San Cristobal; Chamula leaders claimed that the local Catholic bishop was not respectful enough of traditional Mayan forms of worship.

San Juan Chamula's 400-year-old church is a windowless building with no pews or other furnishings. Figures of saints, draped in velvet robes with mirrors dangling from their necks, line its walls. The church floor is scattered with fresh pine branches, and burning candles stand upright in their own wax. Families of Chamula worshippers kneel among pine and the candles, chanting and bowing as they pray in a manner that does not remotely resemble the worship most Catholics would recognize.

During their prayers they pass a live chicken back and forth over the candle flames. The bird's startled clucks blend with the eerie chanting; combined with the scent of the pine and the glow of the candles, the scene is truly exotic. The chicken is placed back in the bag, and eggs are passed over the flames in the same manner. Then, the denouement—16-ounce bottles of Pepsi-Cola are brought out. The Pepsi, which is substituted more and more for the traditional *pash*, a strong sugarcane liquor, is passed over the burning candles and held up reverently before the figures of the saints. Next, the man of the family pops open a bottle and takes a swig. Family members lean back on their heels and rest as they sip from the communal Pepsi, and nearby worshippers are sometimes invited to partake of the refreshing beverage. When the man decides the Pepsi break is over, he recaps the bottle, sets it down gently, and the family resumes its worship.

The Word Is Spreading

In 1990 *Business Week* wrote that Mexico, for the first time in a century, "is starting to look like

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one of the world's best places to do business." Apparently, many investors agree. Some restrictions on foreign investment still exist, but investors from the U.S., Europe, and Japan are investing more and more in both manufacturing facilities and securities. Word of the burgeoning Mexican economy and the benefits of investing in it have spread farther afield than many people realize and have proved irresistible to some.

A case in point is Han Zhu, a 36-year-old Beijing native who heard about the investment possibilities in Mexico and decided to take advantage of them. Risking it all, Han picked up and moved from Beijing to Oaxaca City in the spring of 1991. He and his sister, who is married to a Mexican, are the only Chinese in the entire state. Together, they have opened Oaxaca's first—and only—Chinese restaurant and Chinese emporium. Han's experiences can hardly be called typical, but they are certainly encouraging.

Han Zhu's Qing Long Chinese Restaurant and his shop are located on the second floor of a shiny new shopping mall. The restaurant's floor-to-ceiling windows look out on the soaring stone bell towers of the Church of Santo Domingo.

Prior to leaving China, Han had considered going to New York, but decided against it because "it's too crazy and there are too many Chinese people." He and his sister chose Oaxaca for several reasons, one being that there were no Chinese for hundreds of miles. This, they reasoned, would give them a leg up in selling Chinese cuisine and products. "Everybody comes to my restaurant if they want Chinese food," Han explained simply. "There is no other Chinese restaurant in Oaxaca!"

Han, who worked in the import-export business in China, had never run a restaurant before he came to Mexico, but the Qing Long is doing fairly well. Half the customers are foreign tourists, the biggest groups being American, European, and Japanese. The cooks are Mexican and, though the food is ostensibly authentic Chinese, it has a distinctive Mexican flair. "I have to respect their tastes," Han says of his Mexican customers.

Han's true love is his shop, the Ni Hao Import Export Company (*ni hao* means "hello" in Chinese), which he says is the only import store in the country with products directly from China. He plans to drive his Ford pickup truck to Mexico City twice a year and from there to travel to China to restock his inventory.

Han has had remarkably few problems with his shop. In fact, his biggest problem is that "the people here know nothing about China, and they want things explained to them. But my Spanish is not good enough to explain everything. So I explain it to my salesclerks in bad Spanish, and they explain it to the customers."

Han has retained his Chinese citizenship and does not consider himself to be an immigrant. He would not comment on the political or economic situation in China. "I don't want to say anything bad about China," he demurred. "I may go back there after I have gotten rich." But for now, Han is settled in Mexico and couldn't be happier. "The Mexican market is just beginning to open and develop," he said with a broad smile. "I am like a pioneer here. I like it very much."

Mexico still has numerous problems to overcome. Grinding poverty persists, and as many as 25 percent of the houses are without running water. Corruption continues to plague the country, and charges of election fraud are frequently leveled against Salinas's party, the PRI. Economists worry that 75 percent of the capital flowing into the country is going into easily liquidated investments, rather than factories, and that it could quickly be withdrawn if investors lose confidence in Mexico's continued development. However, such a loss of confidence seems unlikely, particularly if the Free Trade Agreement succeeds. Mexico appears to be close to attaining the economic prosperity its long-suffering people deserve. When that prosperity arrives, much of the credit will go to the free-market policies of "Salinastroika." □

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Sex, Lies, and History

by Tibor R. Machan

For the last couple of decades, feminism has been a major force in American politics. This, in itself, is lamentable: Why should every movement become a matter of politics?

But we should not dismiss feminism. After all, John Stuart Mill, one of the intellectual heroes of classical liberalism, was a feminist. He argued forcefully against the subjugation of women, for universal suffrage and other sound feminist objectives. And there have been plenty of injustices against women; when feminists call this to our attention, they should be congratulated. Women are human beings, first; and whatever a human being has a right to, women have a right to as well. Any system of law that denies this—and there are many such around the world—needs improvement.

However, we also should consider some of the feminists' more extreme positions. These tend to center around the theme that males have waged a deliberate vendetta against women throughout human history. In several academic disciplines—English, history, philosophy, sociology, psychology, and economics—we find the forceful development of this thesis.

In my own field, philosophy, there are feminists claiming that the prominent role of men has involved deliberate distortions in established doctrines. Even in the philosophy of scientific method there are feminists who claim that men have put forth a lopsided view of how science should be conducted. Feminist ethics, in turn, often amounts to the thesis that since most of the moral philosophers have been men, the ethical theories we have offered for consideration have favored male domination. Great composers, playwrights, and novelists have come under similar indictment—that they put men first and distorted the worth of women.

No doubt there is something to the claim that men have been the focus of much of our cultural activity. Yet, if men and women are basically equal, this should not have amounted to a major distortion. Except for issues relating specifically to sexuality, whatever matters or is true should be as easy to reveal through our understanding of males as it is from our understanding of females.

But the worst claim by extreme feminists is not that there has been a bias in favor of men but that it has been perpetrated deliberately, so as to deprive women. Keeping women down is supposed to be a major objective behind the bias.

There are several things wrong with this position. First, if it were true, we would have to believe that males are indeed very different from women, for better or for worse. In that case there is no justice in the call for equal treatment of the sexes.

Second, this implies that men have been much better off than women in how they lived their lives. Is that credible? Men went hunting, to war, to the office, to government, to business—women were left in the home, in the nurturing professions, and so on. Is that such a break for men?

Third, if the extreme feminist thesis is correct,

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there is no hope for anything but an ongoing battle of the sexes. We can look forward to continued strife, hostility, misunderstanding, and power struggles. What is the point of seeking solutions when, supposedly, the nature of the human animal makes it impossible to find any? If men are bent on hurting women and if women cannot escape this, where is the point to any proposed remedy? Any gesture of goodwill from males to females would have to be dismissed as subterfuge.

However, there is a more reasonable view of how things have turned out between men and women. Briefly, certain job specializations that made sense in the past have been extended beyond their usefulness, and we are struggling to catch up with new possibilities and, thus, with the need for new sensibilities. Human beings generally don't change rapidly. We shouldn't be appalled when outmoded traditions aren't immediately rejected as soon as we see they are pointless. Just think how tough it is for someone to follow up on the realization that smoking, lack of exercise, or a fatty diet may be harmful. Clearly, our unwillingness to change, including in our relationships between the sexes, is not usually a matter of deliberate misconduct. More often it is inertia, negligence, or fear of novelty.

I am not arguing that these are innocent practices. Negligence can be destructive. But just as in the law, there is much difference between misconduct stemming from negligence as opposed to premeditation. Feminists who claim that our problems stem from the latter are misjudging the situation to the detriment of us all. And they fail to acknowledge that the negligence involved in keeping up with new developments that would warrant changes in attitudes and conduct is something of which both men and women are guilty. There would be no need for sexual scapegoating if such an acknowledgment were made up front and were to moderate the rhetoric of feminism. □

IDEAS ON LIBERTY

Capitalism and Women

Economic advancement has resulted in increased cooperation between the sexes. Deep, fundamental economic developments, not political agitation, lobbying and legislation, have brought changing roles for men and women in their work places. Less time and energy is consumed by burdensome material problems.

Indeed, it seems that women benefit more from productivity gains than do men. In today's modern economy, physical strength is not a crucial factor. Anyone strong enough to use a pencil can win a top-flight position. This is capitalism's greatest contribution to women.

As government intervention wastes capital resources, women suffer more than men. They are first to become "marginal workers" as capital is lost. Seemingly, all women should be staunch supporters of capitalism. But, alas, many of them are not. They are unwittingly cutting their own throats by helping to undermine free enterprise.

—Robert L. Guarnieri, writing in
A Man of Principle,
Essays in Honor of Hans F. Sennholz

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Street Performers and the Social Contract

by Robert Zimmerman

Albert Owens is a rugged-faced black man with a wonderful sense of humor. As he says, "I have an emotional need to make people laugh." For 10 years he has performed stand-up comedy every day on the streets of New York City. In less than 15 minutes he can gather over a hundred laughing people, and hold them to watch his entire act. No one is required to pay admission, yet when he passes the hat near the end of his performance he invariably collects between 50 to several hundred dollars. People give gladly.

Joe "Joey-Joey" Colone once worked for a circus. He is a skilled juggler, sword swallower, and unicyclist (sometimes all at once!). Each day during good weather he can be found performing in New York City's Washington Square Park. As with Mr. Owens, he requires nothing from his audience but that they laugh at his comedy and gasp at his stunts. Yet, before he finishes a performance, he can easily collect over $200, given eagerly by people appreciative of his skills.

Both these men are part of a wonderfully talented subculture of street performers that exists in every major city throughout the world. They work for no one but themselves, require no one to pay them, and yet earn a good and productive livelihood.

Street performing has its drawbacks, however. Because street performers are considered outside "normal" society, they enjoy few legal protections and often are harassed. In addition, there are no official laws or rules to enforce good behavior from within or without.

Mr. Zimmerman is a feature film producer in New York City.

Harassment is the main problem. All street performers fear the police, who often not only prevent them from earning a living but can seriously harm them as well. "My only review in *The New York Times* came about because I was arrested for attracting too large a crowd," says Owens. The police handcuffed him, confiscated his equipment, and jailed him overnight.

"I try to tread lightly where the police are concerned," says Victor McSurley, a music composer who plays his new-age music daily in Washington Square Park. "Often the police will ask me to move on, for no reason but they've had a bad day."

Being considered outside the law causes other problems. The performers, having no recourse or protection, can be harassed by hecklers, the homeless, and the disreputable characters who thrive on the vulnerable. The homeless and insane often interfere with performances, and can even pose a physical threat. All the performers can do is use this harassment as a tool for improving their repertoire.

Thugs and extortionists are another problem. Following one of Joey-Joey's performances, a man came up and demanded "his share" of the earnings. Without this share, the man threatened to break up Joey's next performance. Joey shrugged and ignored the threats. "This happens all the time. I can easily handle him in front of a crowd of 500." And calling the police over did not help. The officer shrugged as well. "I don't see anything happening. Call me when something happens."

Being outside the law also means there are no established rules of behavior for the street per-

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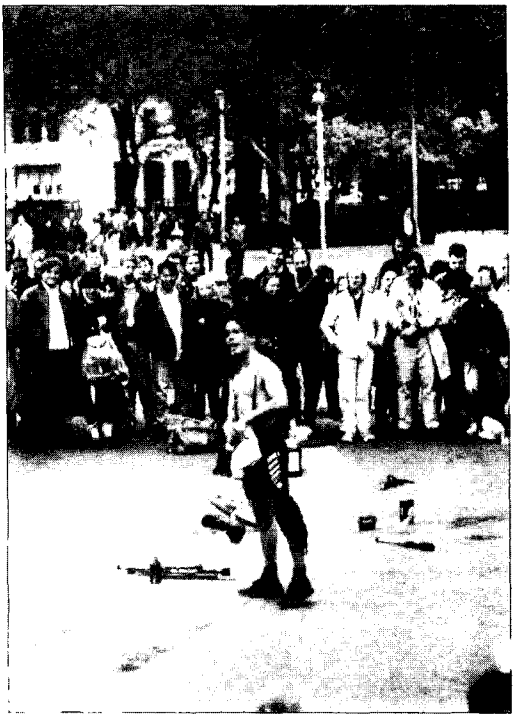

ROBERT ZIMMERMAN

Joey-Joey sings for the crowd.

formers themselves. At the center of Washington Square Park is an unused fountain. "It's a natural amphitheater, one of the best places in the world to perform," says William "Master" Lee, kung fu comedian and juggler. Around its circle are several steps, allowing people to sit and watch. It is possible for almost a thousand people to enjoy a performance.

Competition for access to this space became intense in the 1980s. The number of talented performers had grown so large that they began to trip over each other. "You'd be working the fountain, and another performer would set up right next to you, and steal your audience. That could get pretty ugly," says William Lee. "They go too long," says Albert Owens. "I want to get out there and perform."

However, unlike their problems with the police and hecklers, this was a situation the performers could do something about. They didn't hold protest demonstrations; they didn't demand government action and laws; nor did they use force among themselves to solve the problem.

Instead, they *talked* to each other and worked the problem out among themselves. They now wait their turn for access to the fountain, and introduce the performer who follows them. New performers are allowed time and space to perform, though not during the prime slots. If they are good, however, they will earn the right to the best slots. As William Lee says: "If you're a good performer and can attract and hold a crowd, we can't stop you from performing. All we do is accommodate each other."

Common respect for their dignity as human beings led them to establish reasonable rules that all could agree with. No government agency did this. Nor are these rules enforced by law. The performers did it themselves to improve their working conditions without submitting to control from an outside source.

A "Social Contract"?

A finer, more obvious demonstration of John Locke's concept of the "social contract" cannot be found.

Meanwhile, the homeless, the thugs, and the police harass and interfere with these free souls, refusing to allow them to make their way peaceably in a difficult world. It is as if certain parts of society have decided that the social contract does not have to include everyone for it to be just.

Locke said that when legislators deny the people their share of the social contract, and "... either by ambition, fear, folly or corruption, endeavor to grasp themselves, or put into the hands of any other an absolute power over the lives, liberties, and estates of the people; by this breach of trust they forfeit the power, the people had put into their hands, . . ." (*The Second Treatise of Government*, paragraph 222)

While it is unfortunate that there are those who act to harm the social contract, either because they are incapable of participating in it (the homeless and the insane), or because they are willing to destroy it (the violent and the criminal), no social order is perfect, and such individuals exist in all societies.

It is the function of the social order to prevent these souls from harming others. In New York City, however, society no longer does this. Instead, represented by the police, government no longer applies the social contract equally to all citizens, and even allows some citizens to wield power arbitrarily over others. This indicates a breaking down of the social contract and, as Locke describes, the eventual failure of all government. □

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Two Kinds of Influence

by Leonard E. Read

Most persons have some notion of their dependence on others. Most of us realize that we cannot by ourselves build the houses in which we live, raise the foods we eat, make the cars we drive, create the opportunities constantly presented to us, originate the knowledge and ideas by which we live, garner the fuel we burn, fabricate the clothes we wear, construct the telephones over which we talk—indeed, few among us could in a thousand years produce what we consume in a single day!

Anyone who is aware of the extent to which he is dependent on others is, or should be, familiar with his stake in the proficiency of others. Let all others fail, and I shall perish. Let all others become increasingly creative, and I shall in all likelihood receive more in exchange for the little I can create.

No doubt about it, most of us do concern ourselves with others. Every law is an attempt to do something to others. Wars are aimed at others, as are strikes and all coercive hassles. Sermons, lectures, schooling, pamphlets, books, statements like this—all are communications to others.

The important question at issue is not: "Should we have an interest in others?" Obviously we should. Instead, the vital question is: "In what way can we best aid the millions of others upon whom we are unquestionably dependent?"

There are two ways, constantly in action. One commends the influencing of others by *force*. The other commends the influencing of others by *attraction*. Both are useful if understood and properly practiced.

There isn't any doubt but that force is an effective method of influencing others. Force, however, is of two kinds. There is initiated or coercive force—aggression. It is inconceivable that this kind of force can have any moral justification among men under any circumstances. There is, though, another kind of force—defensive or repellent force. But even defensive force has only the capacity to destroy or restrain and, therefore, is the type of influence that should be limited to negating aggression or coercive force, regardless of source: all violence, all fraud, all misrepresentation, all predatory practices. To avoid the authoritarianism of each citizen being a complete law unto himself—each person his own gun-toter—we should, in good theory, delegate the defensive function to a formal, codified, societal-wide agency called government. (When delegating only defensive functions to government, we grant no collective rights that are not the prior rights of individuals; for the collective cannot logically or morally exercise rights which are not inherent in the very persons who organize the collective.)

Defensive force, to be used profitably, must be confined to minimizing coercive or aggressive force—that is, to securing those rights to life and honestly acquired livelihood common to all men. Force cannot, by its nature, otherwise serve us creatively. Yet, force of the coercive brand is attempted currently as a means of influencing others in tens of thousands of instances. All socialistic acts by government are cases in point

Leonard E. Read established The Foundation for Economic Education in 1946 and served as its president until his death in 1983. He wrote this article in 1954.

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—public housing, for example. How? The force of government—not defensive but coercive force—is employed to take the property of some for the "benefit" of others. In what manner is this aggression? The use of one's livelihood in one's own way is forcibly denied by the aggressive taking of it—effective, indeed!

Force as a device for having others behave in ways seemingly advantageous to oneself is not intelligent attention to self-interest—except when used to restrain them from coercive acts. To aggressively force others is to thwart others. Self-interest requires that all others become more creative, not more thwarted.

The Power of Attraction

Attraction is the best answer to influencing others creatively. Daily experiences supply evidence to support this conclusion. If one would influence another to become a better cook or golfer, he should increase his own proficiency at cooking or golfing. He should attain a perfection, a leadership, a head-of-the-class status that would attract others to draw on him. No person is influenced to greater creative activity on any subject by one who is inferior on that subject. Influence of one on another in upgrading—materialistically, intellectually, spiritually—is by attraction only.

One can do things to others destructively, but not creatively. Creatively, one must confine himself to what he can do for others. One can do things for others materialistically by having money or tools to lend or give, or goods and services to exchange; intellectually by having knowledge and understanding; spiritually by possessing insights that can be imparted to those who want them.

Self-interest can best be served by minding one's own business—that is, by the process of self-perfection. It isn't that this idea has been tried and found wanting; it is that it has been tried and too often found difficult, and thus rejected. Actually, coercive meddling in other people's affairs has its origin in the rejection of self-perfection.

Many persons conclude that they can easily improve others in ways they refuse to attempt on themselves. This is an absurd conclusion. Thus it is that in our dealings with our fellow men, we so often try to coerce them into likenesses of our own little images instead of trying to make of ourselves images that are attractive and worth emulating. □

Throwing Money at Social Problems

by James L. Payne

Otto von Bismarck once said that people fond of either laws or sausages shouldn't look too closely into how they are made. His advice applies emphatically in today's media era, where politicians are interested primarily in name recognition and TV coverage, and only secondarily in actual issues. The results, all too often, are political programs that don't address the problem.

I recently saw a good example of how such unproductive programs begin. Some local citizens concerned about homelessness in our area had called a general meeting to air the problem and possible solutions. It was quite an education listening to the many views.

One woman reported that she had been homeless because she couldn't find a motel room to rent

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when she came to town on Labor Day weekend. One of the hobos explained their point of view. They weren't interested in going into any shelter, he said. They just wanted to be allowed to build their shacks on other people's land. The deputy sheriff reported that each time the hobo village was destroyed, with the drifters moving on, the local robbery rate declined.

Other witnesses told of battered women needing shelter from abusive situations. Others mentioned youngsters who had run away from home. We also heard reports of families who came to the area looking for work but who had found none, and of other people who were working but whose earnings were insufficient to pay their rent.

As the evening progressed, the group grew disheartened. The audience began to realize that "homelessness" is not a single problem with an obvious solution, but a swirl of issues, too many for the mind to grasp. That's when the thinking turned to government. We need a "comprehensive program," said speaker after speaker, to deal with this overwhelming problem. A state legislator—who had arrived late—agreed: She declared she was eager to work at the state capital on behalf of such a program.

Welcome to boondoggleland! We had just learned that "homelessness" is an agglomeration of social, moral, and semantic issues. Now, in the name of this broad cliché, a state legislator who knows less than we do is ready to appropriate millions of taxpayer dollars. No wonder so many public policies end in disappointment.

The Voluntary Way

There is an alternative to this wasteful approach. It's the logical, natural process called voluntarism. It starts with reformers who have broken down complex questions into manageable sub-problems. On the homeless issue, for example, one might develop an arrangement for overflow lodging when motels are full, or another might set up a safe house for battered women. The funding for these projects is raised on a voluntary basis from local donors who are in a position to evaluate the viability of the reformer's project.

In this system, money isn't thrown at a problem in the hope that a solution will be found. The process operates the other way around: Until someone has a specific plan, he won't get support. Leaders can't just say that they are "concerned." They have to prove to their friends and neighbors that their solution is workable in order to attract donations and volunteers.

This voluntary problem-solving is already quite common, but we often overlook it. For example, in our community we have a specific solution to one aspect of the homeless problem in the form of the local Gospel Mission. Founded by a lay minister, Corky Kalben, just two years ago, the mission aims at helping homeless men, especially those with alcohol, drug, and employment problems. Corky—a builder of fiberglass boats by trade—volunteered in prison ministry and halfway house situations for many years, and he has a clear vision of how to run a shelter for these men. He believes in stipulating basic rules at the mission (no drugs or alcohol, you must take a shower, and so on), and believes the message of Jesus is the key to rehabilitation. He obtained the bulk of his early funding from one of the local churches that supported his concept, and now that he has demonstrated its viability, he receives donations and in-kind support from many individuals and local groups.

It's time we learned to address social problems directly, with voluntary, non-governmental methods. Money is getting too tight to keep dumping our policy confusions in the laps of far-off politicians and pretending it's a solution. □

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BOOKS

A DICTIONARY OF CONSERVATIVE AND LIBERTARIAN THOUGHT
edited by Nigel Ashford and Stephen Davies
Routledge, 29 West 35th Street, New York, NY 10001 • 1991
303 pages • $49.95 cloth

Reviewed by William H. Peterson

From American Conservatism to Austrian Economics, from the Enlightenment to Entrepreneurship, from Environment to Family, from Libertarianism to Manchester School, from Prejudice to Public Choice, from Religion to Revolution, from Totalitarianism to Utopianism, from Voluntarism to Welfare, this reference work supplies definitional discussions from the viewpoint of conservatism, libertarianism, and classical liberalism, and does so on 91 topics of keen interest to the student of political and economic thought.

The British editors—Nigel Ashford is senior lecturer in politics of Staffordshire Polytechnic and Stephen Davies is senior lecturer in history at Manchester Polytechnic—employ 11 contributors from both sides of the Atlantic and do a good job of explaining and economizing for the busy reader oftentimes complex ideas. Too, they furnish with every entry a short list of relevant books for further reading.

In addition, they provide an appendix of brief identifications and the main works of 188 conservatives, libertarians, and classical liberals cited in the text—thinkers such as Lord Acton, James Buchanan, Frederic Bastiat, Hilaire Belloc, John C. Calhoun, Adam Ferguson, Milton Friedman, Edward Gibbon, Nathan Glazer, Alexander Hamilton, F. A. Hayek, Gustave Le Bon, Bruno Leoni, Frank Meyer, Ludwig von Mises, Robert Nozick, Karl Popper, Ayn Rand, Wilhelm Roepke, Murray Rothbard, George Santayana, Jean Baptiste Say, Lysander Spooner, Jacob Viner, and Mary Wollstonecraft.

Some illustrative excerpts:

ANARCHISM: [D]octrine that supposes that it is possible for there to be an orderly and predictable social order in the absence of the state. This simple definition, however, conceals a wide variety of anarchist thought. Furthermore, it begs some key questions in political thought. Does anarchism mean that order is possible without government of any kind or merely that it can be achieved without the modern, coercive state? Does it hold that law and rules are required but that an enforcement agency with a monopoly of power is dispensable? Is it the case that anarchism entails a revolutionary change in human nature to be viable or merely the removal of existing, arbitrary social institutions? . . .

CLASS: For the classical liberal, and even more the libertarian, a class is simply a category, an aggregate of individuals sharing a common market position. Classes are open both in the sense that they have no clear or obvious boundaries and in that the arbitrary category boundaries used by the social observer or market researcher are permeable. Individuals can move up or down from one class to another as they make use or fail to make use of the opportunities the marketplace offers for acquiring income, wealth, skills, or qualifications. . . .

HUMAN NATURE: Classical liberalism and conservatism exemplify sharply contrasting views of human nature. Indeed, it could be said that the differences between the two political philosophies resolve into differences in beliefs about the powers, limitations, and prospects of human beings. On the view of the classical liberal, in order to flourish human nature needs to be emancipated from a multiplicity of social, cultural, and religious hindrances. Among the most noteworthy of these are restrictions on free trade, class structure, national boundaries, and religious dogmatism. The fact that such hindrances have grown up as a result of human activity, and therefore show human nature at work, is only partly recognized by the [classical] liberal. . . .

POLITICS: The question was once set in an Oxford philosophy examination: "Power politics—what other sorts of politics are there?" Certainly all politics must be concerned in some way with power. But, equally certainly, those conflicts of interest between states which are resolved wholly or mainly by appeals to force or the threat of force are not the sole sort. For there are also the paradigmatically peaceful internal politics of long-established democracies, where the only appeal to force is usually tacit, and to the lawful force sustaining orderly procedures and preventing intimidatory intrusions. There are, no doubt, such similarly nonviolent politics even in the Vatican. . . .

WAR: In the Western intellectual tradition there are broadly two ways of looking at war. One sees it as inevitable, even good under certain circumstances. The other sees war as the consequence of particular things or

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conditions, hence in theory at least not inevitable, and always bad—even if no moral alternative exists. This second school of thought can be further subdivided into the pacifist variety which argues that war is never justified and the 'just war' type wherein war is justified only if certain strict conditions apply and the war is fought in a particular way. Briefly, the war must be fought in self-defense, it must have a just end, it must be the last possible resort, and the expected benefits must exceed the costs. The fighting must be limited in scope and confined to combatants, it must be done according to certain rules, and it cannot include wanton cruelty. Both the pacifist and just war arguments derive mainly from Christian theology. . . .

The above abbreviated smorgasbord does little justice to the richness of the ideas and arguments presented here. In all, quite a Baedeker to the issues facing the intellectual on the right, be that person a conservative, libertarian, or classical liberal. □

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OUT OF THE BARRIO: TOWARD A NEW POLITICS OF HISPANIC ASSIMILATION
by Linda Chavez
Basic Books, 10 East 53rd Street, New York, NY 10022
1991 • 288 pages • $22.95 cloth

Reviewed by Jim Christie

Linda Chavez has earned a reputation as an opponent of Hispanic policy-oriented groups that equate civil rights with government entitlements of one kind or another. Her stand against bilingual education, for example, hardly endears her to pro-entitlement groups such as the Mexican American Legal Defense and Education Fund (MALDEF). And now, with *Out of the Barrio*, Chavez promises to be even more of an irritant to the spin-masters of the Hispanic political status quo.

This book concentrates on raising issues—not always debating them—in brief polemics, each no more than a few pages long. Along with salvos at the standard issues defended by Hispanic policy groups, Chavez puts forth a pro-assimilation thesis that native-born Hispanics of almost every cultural and national origin are following the path of assimilation cleared by ethnic Europeans, even if current Hispanic politics run ideologically counter to this trend.

And throughout, as well, there is her belief in the self that confronts the politics of self-pity.

"A careful examination of the voluminous data on the Hispanic population gathered by the Census Bureau and other federal agencies shows that, as a group, Hispanics have made progress in this society and that most have moved into the social and economic mainstream," she writes. "In most respects, Hispanics—particularly those born here—are very much like other Americans: they work hard, support their own families without outside assistance, have more education and higher earnings than their parents, and own their own homes. In short, they are pursuing the American Dream—with increasing success."

Chavez's research bears her out insofar as native-born Hispanics are concerned. They are becoming Americanized in a traditional pattern of moving into middle-class stability, pursuing higher education, marrying non-Hispanics in large numbers, and forgoing their native language for English.

Media-savvy Hispanic activists, however, have focused on the needs of Hispanic immigrants. And what has resulted, says Chavez, are the familiar politics of addressing Hispanics as a monolithic group in desperate need of the kind of economic, political, and social relief granted to black Americans after the civil rights movement.

To Hispanics this may come as old news, as they are well aware of their own cultural and political rifts. But it is news worth repeating for those who have been taught to think of Hispanics as a monolithic ethnic force. Nothing could be farther from the truth, as Chavez's surveys of influential Hispanos in New Mexico, entrepreneurial Cubanos in Florida, and suburbia-aspiring Mexican Americans in Texas and California highlight the socioeconomic and political diversity among American Hispanics.

As Chavez points out, "It is only in the United States that 'Hispanics' exist; a Cakchiquel Indian in Guatemala would find it remarkable that anyone could consider his culture to be the same as a Spanish Argentinean's." Chavez concedes that recent Latin American immigrants don't fit into the assimilation pattern of the native-born

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(although in many cases they hope to), and that their needs are special and do count in the policy realm. However, she takes offense at what she sees major Hispanic advocacy groups now championing to the detriment of the native-born, including bilingual education and ballots, affirmative action, and set-aside electoral districts.

"In the current era," she writes, "assimilation for Hispanic immigrants appears to mean adopting the ethos of entitlement."

And entitlements, Chavez proposes in a poignant update on New York's Puerto Rican underclass, with its 31 percent male unemployment rate and 50 percent illegitimate birth rate, can do more to hold back certain Hispanics than to help them. "Each year brings evidence that more are slipping further into dependency and that Puerto Rican families are becoming increasingly dysfunctional," because of this ethos of entitlement, she writes. "The state has functioned too much like an anonymous *patrón*, dispensing welfare checks that allowed recipients to avoid the responsibilities of autonomous adults. The safety net became a web of dependency."

Chavez will no doubt infuriate many for her tough talk on prioritizing assimilation and giving the heave-ho to the separatist fancies of her ideological opposites, who run the danger of falling into petty squabbling over who should be defined as Hispanic. It happened in San Francisco when two firefighters of Spanish-American descent tried to use their ethnicity in an affirmative action program.

Her detractors will take further offense at Chavez, who pulls no punches: "These groups [with MALDEF at the fore] consider themselves to be on the cutting edge of social change, but the future they envision for Hispanics is one in which Hispanics attain permanent entitlement status based on ethnicity. It is not one in which Hispanics, like other groups before them, choose to become part of the mainstream. . . . Winning court battles to have Hispanic children taught in Spanish in a society in which the best jobs go to people who speak, read, and write English hardly empowers Hispanic youngsters. Insisting the political fortunes of middle-class Hispanics must be determined by the most disadvantaged Hispanics does not empower either group, but makes the former hostage to the latter. The only groups that benefit from such misguided policy objectives are those that broker the policies in the first place." □

Jim Christie is a San Francisco-based journalist.

REACHING FOR HEAVEN ON EARTH: THE THEOLOGICAL MEANING OF ECONOMICS
by Robert H. Nelson
Rowman & Littlefield, 8705 Bollman Place, Savage, MD 20763 • 1991 • 378 pages • $24.95 cloth

Reviewed by Jean A. Briggs

God was never dead, as Nietzsche once proclaimed. He was simply recast as a concept and called Efficiency; the role of priest was assumed by economists.

That is only one of the insights in this fascinating new book by Robert H. Nelson. Subtitled *The Theological Meaning of Economics,* the volume is a fresh if iconoclastic look at the history of Western thought and how two main traditions in that thought have taken turns ruling the affairs of men since the days of the Greeks. It is also a look at how these two traditions influence us today and might affect us tomorrow.

Nelson has labeled the two great traditions the Roman and the Protestant. Thinkers whom he categorizes as Roman tend to believe deeply in reason, that mankind can improve his lot, find salvation even, by applying reason. Thinkers in the Protestant tradition do not have such faith. They see mankind as depraved and alienated, to be saved by grace or some other force outside its own power. They despair of the institutions set up to govern mankind, pointing out that such creations do not perform as intended (that is, as reason might dictate), but willy-nilly. They become bureaucratic, if not corrupt, and need to be overthrown.

Thinkers in neither tradition have given up the idea of paradise. The argument is whether it can be attained through reason and effort here during life on earth or only in some version of the hereafter, after death or revolution.

The Roman tradition, in Nelson's analysis, begins with Aristotle and is with us today in the credo of the American welfare state. The Protestant begins with Plato, and today is found among

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those people turning against rapid economic growth and/or against welfare state institutions.

Aristotle's thinking not only held sway during the Roman Empire, but was later reinterpreted and updated by Thomas Aquinas, thus giving legitimacy to the ways of the Roman Catholic Church. Hence Nelson calls this mode of looking at the world "Roman." Plato, of course, was a great protester. So, too, was Martin Luther, who saw clearly that the church was not what it purported to be and launched a revolution against it. And so the label "Protestant."

Some of Nelson's categorizations are surprising. We find Milton Friedman and John Kenneth Galbraith not antagonists, but in the same Roman tradition. Both believe that reason can be used to improve the workings of the modern welfare state and thus mankind's lot, bringing him closer to heaven on earth. And we find Herbert Spencer and Karl Marx in the same tradition, both protesting against institutions created by man by applying reason. Spencer called for the recognition of the forces of nature, Marx for revolution to get closer to heaven on earth.

Nelson is an economist by training, and one of his aims is to show the roots of modern economic ideas in these Roman and Protestant traditions. He points out that ideas about the benefits to society of private property date back to Aristotle and are discussed at length by Aquinas, the great theologian of the Middle Ages. Ideas about pricing, too, have a long history. Aquinas, for example, defined the just price in terms remarkably similar to our market price. The idea that money can be used to compensate victims of economic undertakings—neighbors of a tanning factory, for example—can be found in medieval Jewish rabbinical writings. Even the notion that the pursuit of private gain is evil has a lengthy history. Plato said it long before Marx and modern-day deep ecologists. There is, Nelson proves again and again, nothing new under the sun in terms of our ideas. Each has a long history.

In the centuries when the Roman tradition has held sway, the world has been fairly peaceful. But its governing mechanisms have tended to become stultifying, rigid, and self-serving, thus calling forth protest.

When the Protestant tradition has been ascendant, the world has often been subjected to war and chaos. A century of religious warfare followed Martin Luther, Nelson points out, and the wars of the 20th century followed Marx and Spencer.

Where are we today? The American welfare state, clearly in the Roman tradition, predominates but is under attack by protesters who, as always, have a point. The theological underpinning of the welfare state has been a belief in economic growth. One could believe in and work for continuous growth because it would provide more goods for everyone. The belief is of a secular religious nature in the sense that it has given meaning to life.

The protesters, many of them embracing environmentalism, don't share that belief. They call for a halt to economic growth, in some cases to a dismantling of the results of prior growth. Many find their religion in nature. They are joined by other protesters, some libertarians, who find the institutions of the welfare state ineffective if not corrupt, in need of overhaul or overthrow.

In Nelson's view, then, we are at a critical point. In the nuclear age the world cannot afford another round of chaos and warfare.

What to do? Nelson does not offer a blueprint. He puts forth some suggestions and calls for debate. He suggests a synthesis of the two traditions, impossible though that might seem. It might involve, he says, a worldwide recognition of some values—keeping the peace, for example, or providing disaster relief—with worldwide bodies to administer them along with considerable local autonomy. Presumably then the Roman tradition based on reason would prevail in the world at large while protesters could form their own states based on their own values and, of course, economies. The modern state might disappear, the right of free secession prevail.

In some ways the world is already moving in this direction. The Soviet Union has already broken up, and several Eastern European countries may follow. The United Nations is called on more and more frequently to send its peacekeeping forces to trouble spots.

Reaching for Heaven on Earth is an important book for two reasons: its clear-eyed look at where we are today, with the dangers we face if we don't listen to the protesters; and its historical analysis which, like a good education, provides a framework for interpreting current events. It's an analysis far removed from the outmoded left versus right. □

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GAINING ACCESS: CONGRESS AND THE FARM LOBBY, 1919-1981
by John Mark Hansen
University of Chicago Press, 11030 S. Langley Avenue, Chicago, IL 60628 • 1991 • 265 pages • $38.00 cloth, $15.95 paper

Reviewed by Doug Bandow

One of the great political oddities today is the continuing power of the farm lobby in the industrialized West. Farmers make up the majority of the population in Third World countries, yet they are routinely robbed by their governments. In contrast, in the United States, Europe, and Japan, farmers regularly use their governments to rob everyone else.

This phenomenon—the ability of concentrated interest groups to dominate the political process—has been explored by public choice economists. Most special interests have lobbying and trade organizations operating in Washington, and farmers are no exception. Hansen's book focuses on the relative influence of such agricultural groups as the Farm Bureau.

What is the impact of lobbies on legislation, asks Hansen? "The decisive stage of interest group influence," he argues, "is the choice of the problems and pressures to which to respond. Lobbies achieve influence in Congress to the degree that legislators choose their counsel, to the degree that legislators grant them access."

Although the U.S. began its life as an agricultural nation, farmers' political influence was for years relatively limited. Until 1920 rural areas accounted for the majority of America's population, yet, writes Hansen, "Congress had traditionally rebuffed agrarian demands for direct intervention in the agricultural marketplace." That began to change in the 1920s, however.

At that time there were some 8,600 different farm organizations, but the multiplicity of voices worked against their lobbying efforts. Observes Hansen, "working with the farm groups was hardly more efficient than starting from scratch." Then four of the largest lobbies set up shop in Washington: the American Farm Bureau Federation, Farmers National Council, National Board of Farm Organizations, and National Grange of Patrons of Husbandry. Of these, the Farm Bureau, with a large and geographically broad-based membership, became the most influential.

The first major farm lobby victory came in 1921, when Congress passed a package of six bills, including an extension of the War Finance Corporation's authority to make agricultural loans. But farmers' objectives were relatively modest then. Observes Hansen, "only six months after its great victory, [the Farm Bloc] ran out of things to do."

As the agricultural market slumped, the farm lobby soon thought of new benefits to demand, however. Farmers organized against what they saw as the do-nothing Coolidge Administration, then intensified their campaign for subsidies as the U.S. fell into the Great Depression. Not surprisingly, President Franklin Roosevelt was sympathetic to the farmers' demands, so he advanced the Agricultural Adjustment Act, "the fruit of the farm lobby's decade-long labor," writes Hansen.

The act was quite popular, despite being overturned by the Supreme Court. And legislators got the message. Reports Hansen:

> [E]lections in the 1930s consistently underscored the farm lobby's competitive advantage. The Farm Bureau's prominence in the passage and administration of the Agricultural Adjustment Act enabled it to stabilize and expand its membership, especially in the South, where in the late 1930s membership increased tenfold, to more than one hundred thousand. In the minds of voters and politicians alike, the close association between the farm organizations and the Triple A program turned farm state elections into tests of their mandate, and the supporters of government aid to agriculture won many more than they lost.

Republicans as well as Democrats endorsed New Deal farm policies. Thus began nearly two decades of bipartisan subservience to farm interests. In fact, there was little that the Farm Bloc wanted that it did not get. "In sheer reputation for power, the agricultural organizations reigned alongside the business lobbies and the labor unions as the 'Big Three' of American politics," observes Hansen.

Farmers' political clout persisted even as the number of rural residents fell. But power was redistributed within the agricultural lobby. In the 1950s the Farm Bureau lost its pre-eminence. Its enthusiasm for subsidies lagged behind that of many farmers, and its leadership was seen as too

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closely allied with the Republican Eisenhower Administration. The Democrats were only too happy to respond with a bidding war in which taxpayers were the losers.

The Kennedy Administration fared little better than its predecessor, and Republican legislators were soon using agriculture policy to oust Democrats. By 1965, however, bipartisanship returned, with Republicans and Democrats uniting to mulct non-farmers. Thereafter, writes Hansen, "the distinctions between Republican and Democratic farm policy blurred, except among a handful of conservative Republican and liberal Democratic ideologues."

Not that there weren't differences between Presidents and Congresses. Presidents Nixon, Carter, and Reagan all tried in their own ways to limit farm spending, but Congress consistently upped the ante. Capitol Hill's generosity with the American people's money was due in no small part to the continuing influence of the different agricultural groups.

The Farm Bureau, however, never regained its pre-eminence. Instead, Congress turned increasingly to specific commodity groups, such as dairymen. "Their competitive advantage lay in part in specialization," writes Hansen, but two other factors came into play. One was that these groups tended to support existing agricultural programs during the 1950s and 1960s while the Farm Bureau worked against them; the other is that such groups were more interventionist than the relatively conservative Farm Bureau.

Gaining Access is not primarily about the substance of farm policy, but it does give an occasional glimpse of the craziness of Federal programs. In the late 1940s, for instance, the Commodity Credit Corporation purchased fully one-fourth of the potato crop, torching some of the surplus. But while "editorial writers raged in protest, and Congress launched an investigation," reports Hansen, the subsidies continued. The House Agriculture Committee, for instance, "greeted the uproar with exceptional calm. It warned potato growers that they had one more chance to get their house in order before Congress abandoned them, but it assured them that whatever kind of program they wanted, the Committee would get it for them."

And farm state legislators could do so because urban Democrats, whose poor constituents are most injured by the higher taxes and prices engendered by farm programs, consistently supported agricultural subsidies. They did so for several reasons, in Hansen's view: "the small, hidden impact of agricultural subsidies on consumer prices," "the relative safety of [urban congressmen's] seats," and the Democrats' use of agricultural policy for partisan advantage. When urban support seemed to wane in the 1960s, rural legislators thoughtfully offered Food Stamp appropriations in exchange for continued votes for farm programs.

The 1970s was a decade of consumer activism, but these groups exercised virtually no influence on farm policy. The basic problem is that it is hard to organize a large, diffuse mass of people who have less at stake than do members of opposing organizations, such as farmers. Without active popular support, consumer advocates cannot interest legislators in their issues or perspectives. Explains Hansen: "The consumer movement's problem in breaking farm producers' hold on food policy was obvious. Before 1973, the salience of farm policy to urban voters was too low to justify substantial investments of their representatives' time, or even a membership on the House Agriculture Committee."

In succeeding years, a few urban legislators joined the Agriculture Committee in order to raise consumer concerns. But they found themselves routinely outvoted by the coalition of farm program and Food Stamp advocates. Rural legislators were particularly careful to log-roll within the agricultural community, bundling farm programs in an attempt to generate a "one-for-all and all-for-one" attitude amongst farmers. All too often such tactics brought, and still bring, the farm lobby victory.

This year the federal government is spending almost $1.5 trillion, double just 10 years ago. Even under avowedly conservative administrations, Washington has proved to be a seemingly limitless cornucopia for the well-connected. And for 70 years few have been as influential as farmers. John Mark Hansen's *Gaining Access* makes great reading for anyone who wants a better understanding of the ups and downs of farm politics and how the agricultural lobby continues so efficiently to loot the public. □

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